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# ***JPRS Report***

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## **East Europe**

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# East Europe

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## Lack of Attendance at National Assembly Sessions

91BA1095A Sofia DUMA in Bulgarian 26 Aug 91 p 4

[Article by People's Deputy Docent Dimitur Draganov:  
"To No-Good Deputies Their Majority Is an Obstacle"]

[Text] The debates on the People's Deputy Election Law in the past two or three weeks have once more kindled passions in the parliament. True, the principal credit for this falls to the "superdemocrats," who returned rested and fresh from the ERA-39 after lying on the grass around Aleksandur Nevski Square. But it is also true that some Union of Democratic Forces [SDS] deputies who stayed in the parliament have hastened to join the "anti-constitutionalist" people and have begun to chime in with the familiar refrain, "The damned BSP [Bulgarian Socialist Party] majority is to blame for everything."

To blame, yes it is. Damned, yes it is. But it is no majority. Or at least it wasn't on a single one of the days when the election law was under discussion.

Here is what the parliamentary computer data show:

	SDS	BZNS	DPS	BSP
06 August	52	15	12	114
07 August	57	20	0	110
08 August, a.m.	51	21	13	116
08 August, p.m.	39	17	3	113
09 August	52	16	7	114
10 August	55	5	7	124
12 August	45	20	10	134
13 August, a.m.	52	19	9	121
13 August, p.m.	66	22	14	150
14 August, a.m.	48	15	4	136
14 August, p.m.	46	17	8	127
15 August, a.m.	52	17	16	126
15 August, p.m.	58	13	13	126
16 August	63	24	11	150

SDS: Union of Democratic Forces  
BZNS: Bulgarian National Agrarian Union  
DPS: Movement for Rights and Freedoms  
BSP: Bulgarian Socialist Party

In summary, the votes of the so-called "united opposition" (the fact that it is neither united nor an opposition is a different matter) in the parliament give the number of deputies as 184. Which is to say that if the champions of "rigorous elections," "elections at any price," "elections in September," "let's hold elections of every kind," etc., etc. had deigned to sit on their well-padded parts, they could, without problems of any kind, have adopted the election law, could have spared Zh. Zhelev the effort of returning it for a second vote on Article 11 and Article

54 and, what is more, could have approved, by voting, the much contested method of calculating election results.

But they preferred something else: Nearly two-thirds of them not present in the chamber and the remaining third singing the aria of calumny against the "damned BSP majority."

In the first debates on Article 11, on 7 August for example, on behalf of the ERA-39 Stoyan Ganev did not fail to express "tremendous distress over the vote of the tremendous majority of BSP deputies," who in such a hard-hearted and downright brutal manner "were depriving" our fellow countrymen abroad of the vote. Checking reveals, however, that this "tremendous BSP majority" was no more and no less than 110 people! In other words, if the SDS was present in full strength (142 persons), it was capable by itself of "crushing" the BSP opposition!

On the next day, 8 August, the SDS protested against the violation of sailors' rights and lamented that its impressive votes could not prevail over the damned 116 Communist deputies. But when the time came to determine who—the president or the TsIK [Central Executive Committee]—should determine the electoral districts, the 39 SDS deputies remaining in the chamber clamored for at least 309!

"As for the fact that the majority will decide whether or not there should be a revote (Article 11), this is perfectly clear," Ilko Eskenazi stated on 10 August. And that is the way it happened—the valiant 55 SDS representatives were indeed unable to prevail over the damned communist majority (124 persons). The story was repeated also in the discussion on "the chemical industry," turned down despite the opposition of all 52 SDS deputies.

The situation became most paradoxical, however, after the Bureau of the Grand National Assembly appealed to all deputies to cease their vacations and unwarranted absences. On 12 August, Monday, they responded to his appeal...45 SDS deputies! I agree that 45 years may suffice, but 45 deputies—no! But these were "the best thing" our parliament had at its disposal.

Petko Zakhariyev, Aleksandur Yordanov, and Ilich Tsvetkov thought precisely the opposite. "If you want to vote for it (the law), then you should come," the first took exception on 13 August when there were only 52 SDS deputies in the chamber. "In all cases the parliamentary majority will determine the procedure," groaned the second when, in spite of efforts, the number of SDS people's representatives remained "fixed" at barely 66. And with his sentence, "Messrs. the red or bloody deputies have once more brandished the sword!" Ilich (but not Brezhnev, a still younger Lenin), but simply Tsvetkov all but accused the BSP of slaying the remaining 76 SDS deputies.

Don't worry, Ilich! Nothing has happened to them, except you can't keep them in the chamber. Even on 20

August, when the second consideration of Article 11 began, with great efforts 70 SDS deputies were discovered. Moreover, Zlatka Tuseva, Stefan Savov, Aleksandur Yordanov, and Stoyan Ganev were not among them (at least according to the computer data) and did not support either the rights of Bulgarian citizens abroad to vote or Zh. Zhelev's position—these very ones who day after day and week after week shed crocodile tears precisely over this question with unflinching reminders of their love for and loyalty to the president!

Of course, the next day the newspaper DEMOKRATSIYA was categorical: "The majority blocked the president's veto. And not a single word about the fact that it was precisely from the BSP that the concrete proposal came for Bulgarian citizens abroad to vote by mail! The important thing is not to tell the truth, but to smear...."

"Cadres decide everything," Papa Stalin used to say, for which reason they may permit themselves the luxury of being "few, but good." To judge from the hullabaloo they raise in the parliament, the ERA-39 deputies strictly follow this logic: They always are few, but one cannot deny them that they are indeed good specialists in raising rows.

But apart from hullabaloo and rows, in all parliaments all over the world one rule still holds true: If you want your opinion to be respected or to impose your will, you have to be in your workplace. Otherwise, you lose.

But since recently the SDS has been losing precisely for technical reasons and then, like children too, seeking to blame others, there remains nothing else for me to do than to paraphrase a well-known folk proverb, "To no-good parliamentarians their majority is an obstacle." Or else to recall that the SDS simply does not want elections. And everybody has a good idea why.

#### **Macedonian Vice President on Foreign Relations**

91BA1129A Sofia BULGARSKA ARMIYA in Bulgarian  
9 Sep 91 pp 1, 4

[Interview with Lyupcho Georgievski, chairman of the Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity, VMRO-DPMNE, and deputy chairman of the Presidency of the Republic of Macedonia, by Lieutenant Colonel Vladi Vladkov and Senior Lieutenant Krasimir Uzunov; place and date not given: "I Am Probably a Super Spy"]

[Text] Lyupcho Georgievski is one of the most controversial figures in contemporary Macedonian political life. Praised and rejected, accused by the Serbian press of ties to the Bulgarian Secret Services (actually, who among today's Macedonian leaders has not been accused by the great Serbian press of having contacts with Sofia—authors), family ties thoroughly traced by the former State Security and army counterintelligence, and target of provocations as well as symbol of change and

hope, this young politician feared contacts with representatives of the Bulgarian information media. However, the referendum on Macedonian independence lifted the barriers, and the readers of BULGARSKA ARMIYA were the first to have the opportunity to meet with one of the leaders in whose hands the future of the Republic rests.

[Question] Mr. Georgievski, there have been all sorts of speculations about you in the Serbian press. There have been charges, many of which are absurd and unprovable. What can you tell us about yourself?

[Georgievski] I was born in Shtip on 17 January 1966. However, I did not grow up there but in Delchevo, which is a small town in eastern Macedonia. It was there that I completed by primary and secondary education. I then did my army service and went on to continue with my education at Skopje University (Philology Department) in general and comparative literature and, after graduation, I had the opportunity to become a journalist. I joined the MAAK-Movement for an All-Macedonian Action Party. I was member of the local leadership of that party for about three months. I seem to have been dissatisfied with its passive attitude, for which reason, the more radical members and I set up the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity]. I was able to include all my objectives, all my ideas, and my entire radicalism in that party.

[Question] What distinguishes political life in Macedonia from the situation in the Republic prior to the elections for National Assembly last November?

[Georgievski] You see, the situation is quite different. Several political parties are already represented in the Macedonian Parliament. A high percentage of them are still members of the so-called left bloc, a bloc that enables the Communist Party to convert into several small parties and thus survive. In that sense, instead of the single political party we had in the past, we now have several which are real opposition parties, such as the VMRO-DPMNE; the Party for Democratic Prosperity, which is the party of the Albanian minority; as well as perhaps three or four other independent deputies. Therefore, this is what makes the main difference in Macedonian political life.

We can also note that changes in the Republic are taking place very slowly on the economic, political, and even cultural levels.

[Question] Mr. Georgievski, how did the conflict between you and the leadership of the Yugoslav People's Army originate? Before the VMRO-DPMNE had developed a viewpoint on the subject of the reservists who were on a hunger strike in Prilep and the protests throughout Macedonia against sending people to Croatia and Slovenia, the leadership of the Army published materials related to your family's past! Information



appeared on how your grandfather had welcomed the Bulgarian tsar and similar others. How did all of this begin?

[Georgievski] The dispute indeed started quite some time ago. Perhaps at the time that the Yugoslav People's Army began to interfere in the political life not only of Macedonia but of all republics. It probably started with my statements that the Army has no right to be a political judge of processes occurring in Yugoslavia but that, conversely, it should become entirely depoliticized and know the place assigned to it by the state. However, this was not being done. Conversely, its role in politics was becoming increasingly strong and aggressive. Honestly, the argument was started by us. It was while I was merely the leader of the VMRO-DPMNE Party, and after we qualified that army as being an army of occupation of Macedonia. This occurred at the party congress. It was as of then that the conflicts you mentioned started, for until that time there was no power in Macedonia that could oppose such behavior. It was at that time that the provocations began, in the familiar Stalinist-bolshevik and communist style of putting on trial the life of my father, grandfather, and great-grandfather, establishing who was what and where. The purpose was to discredit me politically. I think, however, that this did not influence the voters or Macedonian society but had even the opposite effect: It triggered a result opposite to the one desired by the instigators of the provocations.

[Question] You are being frequently accused, mainly in the Serbian press, of being a Bulgarian agent. This is said not only about you but also about the other leaders of Macedonia. What is your personal attitude toward Bulgaria, and would you visit Sofia as deputy president of the Macedonian government?

[Georgievski] Look here, as far as my connections with Sofia and the contacts between my party and the Bulgarian Secret Services and the instructions I am supposed to be receiving are concerned, I must be some kind of superspy because no proof could be found and made public, the more so since the Yugoslav Counterintelligence Service is quite well developed, and I am surprised that to this moment it has been unable to bring to light the channels which, according to that service, exist and to make them public knowledge. I can calmly tell you that this is a policy directed by Belgrade, by Serbia. Unfortunately, the Macedonian press as well is still being guided by those same circles.

This is a tradition: Anyone who fights the Serbian domination of Vardar Macedonia is linked to one of the neighbors and, it seems to me, the closest one is Bulgaria. In that sense, I am qualified as a Bulgarian spy. The accusation was even made that the idea of having an independent Macedonia is a Bulgarian idea. Of late, however, I have been breathing more easily, for the peak moments of history are behind us. I can also show you the 4 September issue of POLITIKA EKSPRES. The heading is "Treason in the South as Well," and the

subtitle is "Macedonian official authorities ally themselves with Bulgaria and Albania." The text is entirely in the style of Belgrade's policy, stating that Prime Minister Klyusev has relatives in Sofia through whom he is receiving instructions. The same was said about Vasil Tupurkovski. In my view, this is the latest proof of the fear felt by Serbia of having an independent Macedonia, of its interests which are against Macedonia, and the fact that it feels it necessary to prove that Macedonia is "thick" with spies. I have never been in touch with Bulgaria other than during the official visit that its ambassador paid to Macedonia.

[Question] A while back you leveled the charge that the Yugoslav Secret Services are continuing to work against the VMRO-DPMNE. What would you say about this today?

[Georgievski] The only party against which the UDBA [State Security Administration] was openly working and opening files was the VMRO-DPMNE. I believe that today this is not being done directly. Macedonia no longer respects the UDBA, as it did in the past. Of late, however, I have been informed that state security personnel, either expelled or retired, have organized themselves to work against the VMRO. Although they have no power, they have the channels and are trying to develop as a parallel force. As to army counterintelligence [KOS] it is more than certain that it is operating not only against parties but more broadly, as well.

[Question] What is your view concerning future relations between Bulgaria and Macedonia?

[Georgievski] Whatever may happen in the future, and whatever the situation, the republics will have greater sovereignty. Thus, Macedonia will maintain relations with its neighbors that will be different from those maintained in the past. Such relations, however, will be based on the acceptance that Macedonian sovereignty is a reality. I believe that a Balkan policy based on the nonrecognition of Macedonian sovereignty is doomed. Macedonia has no reason whatsoever not to recognize any one of its neighbors. Incidentally, we are quite interested in Bulgaria's position. We know that Bulgaria is ready to recognize Macedonia as a state, but not the Macedonian nation.

I believe that the recognition of both state and nation could open tremendous scope for our mutual relations.

[Question] Don't you think that, nonetheless, the first step has been taken? Bulgaria was the first to say that it will recognize Macedonian independence.

[Georgievski] Yes, this was indeed the first step, and the news of this and the declaration of the Bulgarian Ministry of Foreign Affairs were good.

**SDS Leader Filip Dimitrov Interviewed***91BA1130A Sofia PODKREPA in Bulgarian  
11 Sep 91 p 3*

[Interview with Filip Dimitrov, Union of Democratic Forces chairman, by Lyuba Kospartova; place and date not given: "Efficient Means Are Preferable to Effective Means"]

[Text] [Kospartova] Mr. Dimitrov, my personal view, something which I cannot avoid, is that sometimes you seem like someone separated from himself. We have known a variety of politicians—accidental, long-term, arrogant, stable, action-minded, adventurist, friendly, good, and megalomaniac.... In politics, however, people cannot be classified as good or bad.

[Dimitrov] They can be classified as efficient or inefficient.

[Kospartova] Perhaps also as charming or boring.

[Dimitrov] I remember Michener's invention. In one of his books he was discussing the crusades. He said that if we want to understand them we should not compare Richard the Lion-Hearted with Saladin but compare two other characters: Saint Louis and Frederick II. Saint Louis, who mounted two crusades, achieved nothing. Yet in the final account he was treated by history as an infinitely respected and beloved king and made a saint. Meanwhile, Frederick II, who, generally speaking, without a single battle, strictly through diplomatic gains, succeeded in obtaining free access to Jerusalem, which benefited the Italian merchants, and who was able to resolve all the problems which, actually, had been raised by the crusades, such as protection of the holy sites, guarantees relative to them, and so on, in addition to being forced to flee from his own people, in general is remembered as someone with a bad reputation. I say this as an apology for my previous retort, when I said that leaders may be efficient or inefficient.

You are right, politicians may indeed be charming or not charming. Let me now tell you something which may seem to you extremely high-handed and I am somewhat ashamed of saying it, but it is the truth: The honorable person who would like to do something properly, assuming that his project involves a public display and great publicity, should always remain partially removed from it. This would enable him to withdraw. I repeat this quite frequently but I am already horrified by the newly-hatched politicians who, if they were not involved in politics, one would ask oneself what would they be doing. There is some kind of great misunderstanding in the fact that a major split has already occurred between "we," the politicians and "you," the other people. In the final account, in all cases politics means assuming responsibility.

Remaining partially outside is very important to me. It means that the person could take one step and go back to where he came from. It is only thus, in my view, that this entire matter could acquire some kind of decency. It

should not be that a person is worthless in all areas other than being a political chief. That means turning back to the good old communist times when the chiefs were taught how to be chiefs and could be nothing else.

[Kospartova] What do you think about the sociological surveys? Do they indicate the extent to which political personalities display features qualifying them as "chiefs"?

[Dimitrov] This entire problem of ratings is very complex. Naturally, I believe that there should be a way of learning about and understanding someone. Consequently, his rating is important. On the other hand, however, there are long-distance runners and short-distance runners. There are people whom, the moment they show up, everyone begins to talk about, and from there on nothing changes. Usually, these are people who represent some kind of mood or idea, and they are important. There are people who try to use a single model, who say that they have a behavioral system which they intend to observe regardless of whether it is liked or not, and which they will try to uphold. Usually, they either fail or are unsuccessful with that kind of system. We are all God's children in the final account, and it is exceptionally important to do everything possible to help one's neighbor. However, if this is to be accomplished at the cost of abandoning one's own values, it would hardly make any sense.

[Kospartova] You began the year as chairman of the SDS [Union of Democratic Forces] Consultative Council. How do you think you will end it? Do you have the necessary confidence and resolve to become Bulgaria's prime minister?

[Dimitrov] The French have a maxim: Noblesse oblige. Perhaps a better translation into Bulgarian would be that honor binds. The truth is that the most important thing which should be extensively discussed now is the future cabinet. It is already obvious that that National Assembly will not have a communist majority, i.e., that there are a foundation and grounds for the establishment of a noncommunist cabinet. To have another cabinet with communists is simply an absurdity. This is not because I do not like the Communist Party, but because this means to continue that which can no longer be continued. The system of a mixed cabinet that we have now has exhausted its possibilities. It cannot be extended. From this point on all that is left is a noncommunist government. In order to be able to do its work, it should be strong which, in my view, means that it must be dominated by a main political force. I believe that according to any sort of logic and however we may assess it, such a force should be the SDS. I am a peaceful person, as you may have noticed, and I told you that I have no capacity for hatred. I would have nothing against people who only yesterday were my friends and now become my opponents developing their political "views" as they see fit. However, I am terribly opposed to this artificial system, largely imposed by the central

media, by virtue of which efforts are made to consider the individual opposition groups as equal, for this would be fatal for Bulgaria.

[Kospartova] The problem today is not that of SDS versus BCP [Bulgarian Communist Party]. That system will be followed by an opposition cabinet consisting of politicians of different styles within the SDS, social democrats, agrarians....

[Dimitrov] The times are such that it would be suitable to think of coalitions. Naturally, this is a matter which will be resolved after the elections. However, I am prepared to accept the thesis that even if we were to win more than 50 percent of the vote, the SDS could afford to set up a coalition with at least one other noncommunist group, for the problems which it will have to solve are quite difficult and would need extensive support. In any case, we need a strong and healthy government which would have the courage to do everything which could not be accomplished this past year and a half. This means that its task will become all the more difficult the more it has to look for compromises and balances among parliamentary groups of similar size and importance.

[Kospartova] What will happen with Bulgaria at that point? Will this be once again a transitional period? It is very depressing to live constantly in a state of transition not knowing when it will end.

[Dimitrov] This type of transition will be the first real transition in the past 40 years. If you wish, you may describe it as a revolution or anything else. What matters is that something will change and change profoundly. It is the system that will change.

[Kospartova] Will you commit yourself to telling the voters that the moment socialism no longer exists everyone will feel better?

[Dimitrov] Look, this is quite obvious: The SDS was created at a time when the communist system had already died, when it became clear that social tranquillity, security, and so on, which were promised by communism, were nothing but illusions. The SDS was created at a time when the 2 billion leva which the people assumed were in their savings accounts and which would guarantee them the possibility of living a normal life were no longer there, when there was no hope anymore that those who would like to have housing would obtain it, and when the pension fund had melted away. It was a time when the scandalous loans given to the communist regime were eaten up, eaten up and swallowed in order to plug the holes of that absurd system. Living in that same way had become impossible. Not everyone has been able to understand this as yet. What is burdening us now is that we have still not developed a system for living. For socialism to go away means that such a system must be established and be based on several fundamental things: The people must define through their own behavior their own way of life and the life of the country, which means that they would have to show initiative and have property and meet one another as free people and do things for which they will be responsible and

face other similar people. The third foundation, which is inseparably linked to the first two, is that their lives should not be interfered with. They must be given the opportunity to make their own decisions and have their rights respected. This is possible only where democratic institutions exist. Such is the system. These things are interwoven with each other. I deliberately express myself this way, for the moral, economic, and political aspects are actually bound together. All of this is something the moral dimensions of which can be usually seen by the people. The correlation between the spiritual and the material is much more complex and more difficult for, unfortunately, we no longer live in the time of Homer, and spiritual culture also requires funds. Without money this state will have neither goods on the market nor any mass accessible spiritual output. I ask of all intellectuals not to feel insulted that we are speaking so much about economics. The truth is that without the assertion of spiritual values and without finding the means for stimulating them and guaranteeing their manifestation, a society falls terribly behind. However, this as well requires of society to have funds and material possibilities.

[Kospartova] Your way is directed at the executive powers. Let us speak of the other two. In your view, what type of presidential power should we have? Is a constitutional monarchy possible?

[Dimitrov] There is one thing in which I believe profoundly, and that is the principle of the separation of powers. The principle of separation of powers is necessary in order to have a democratic and efficient society. Naturally, each country has its own traditions. From this viewpoint it could avoid a purely parliamentary approach to matters, as is the case, for instance, of the British parliamentary democracy, where the executive power is largely concentrated in the hands of the cabinet. An alternate choice is the presidential variant in its pure aspect, as in the United States. In our country, things have developed in such a way that it would not be very realistic to think of a purely presidential structure, such as the one in the United States. Nonetheless, it seems to me that a stronger president would be more useful to the country. He would have a stabilizing influence on the political situation. The fact that what the Constitution gave us was, actually, a poor system, found in other European countries but in a different social context, is something else. It does not clearly demarcate the powers, which, in my view, is its shortcoming.

So far a constitutional monarchy has been restored, after a long hiatus, in only one place, in Spain.

[Kospartova] Could you draw a parallel with Spain?

[Dimitrov] I shudder when I hear that the Franco regime was like a communist system, for the difference was exceptionally great. Franco's totalitarianism never encroached on property, which makes matters absolutely different.

[Kospartova] Why does this make you shudder?

[Dimitrov] Because it indicates an improper comparison between noncomparable things. To equate, in general, such a distorted history as communism with any other....

[Kospartova] You make quite frequently use of the term "I think that" in dealing with matters which presume your own specific view, and one would expect you to say "I am convinced that." How can you impose your own will with such terminology?

[Dimitrov] Many are those who, by using "I think that" and "it seems to me," have been much more persuasive than those who have said "I am convinced that," and have pounded on tables.

[Kospartova] What about the parliament? Which parliament, the next one, or the one after that, could make us realize that it is not a place for unsuitable people or a "shelter for incapable people, who were not able to find their way in life and who suffer from the mania that the state needs them?" (This is Dimo Kazasov's qualification of one of the old Bulgarian parliaments.)

[Dimitrov] I am somewhat cautious about such statements. It is true, however, that a parliament should consist of decent people. It is the voters who decide whether a person is worthy of becoming a member of parliament or not. From that point on, whether you like him, whether I like him, or whether Mr. Dimo Kazasov likes him, is of no importance whatsoever.

[Kospartova] Will the current structure be duplicated?

[Dimitrov] I doubt it. I am certain that there will also be new people included.

[Kospartova] With few exceptions?

[Dimitrov] The exceptions will depend on the way the tickets are drawn up and on the votes in the districts. It is certain that there will be quite a number of people who were members of the last parliament. However, I do not believe this to be all that bad in itself. There must be continuity.

[Kospartova] What must be done for the right to triumph and to prevent any farcical developments? Was it not a fact that the "third power" had been structured in the course of generations in such a way that the culprits for the country's current situation may not be tried?

[Dimitrov] If you mean that the personnel in the judiciary is not entirely acceptable, you are definitely right. It is true that a high percentage of the courts include people who danced to the tune of the authorities. The question of how they were selected is a different matter. Anything can be changed, could fall and could stand up once again. The judicial system, however, is the one which actually guarantees the stability of the state and guarantees the civil society. In the final account, what we would like to accomplish is for Bulgaria to become a normal country,

which means that politicians would be dealing with politics and people would be looking after their own affairs.

[Kospartova] Should there be retribution?

[Dimitrov] As to retribution, there always will be people to mete it out. I am sure that such matters will be easier handle than the boring, stubborn and daily observance of the law. When the political situation changes we shall be horrified to see how some people whom we expected to be the most opposed to retribution would become its main supporters.

[Kospartova] Today the people demand social justice, which is gauged in terms of moral characteristics. The increased number of unemployed is a bad thing and improvements in the living standard is good. How can we soothe the unemployed?

[Dimitrov] Unemployment is a fact today and we must think of how to guarantee the living minimum. However, this is like coping with the consequences of a natural disaster. Surmounting the unemployment crisis is possible by providing jobs and by production and investments.

[Kospartova] Adventurers, hypocrites, and bounty hunters always appear after a revolution. How can we remove them in order to be able to live in a civilized world?

[Dimitrov] We do not wish to turn Bulgaria into a perfect state. We would like to make it a normal country.

[Kospartova] Nonetheless, we hope that one day this will take place.

[Dimitrov] For God's sake, not a perfect state. The moment we start to get rid of all those people you mentioned... such as, for example, gather together the bad people, and put them in a concentration camp, then we have communism. There are laws and there are courts. These are different matters.

[Kospartova] What is the program of the Union? Will its descriptive style be retained or will the declarative form be used?

[Dimitrov] I would like to think that after this entire year and a half of mimeries and quarrels, struggles, etc., if the people have not understood what the SDS wants they would hardly be able to understand any more by reading its platform. The SDS platform is an attempt to present in a concise form the projects which we have and the principles we support, our wishes and our intentions to implement them.

[Kospartova] You have told me nothing about the style.

[Dimitrov] The platform has a proper style. I am not a supporter of platforms which contain nothing but slogans.



[Kospartova] What will you say about the BSP [Bulgarian Socialist Party] platform?

[Dimitrov] The platform of the Communist Party....

[Kospartova] Have you changed your oath to qualify them precisely as such?

[Dimitrov] I have not. I believe that there are absolutely no grounds to do so. Their platform includes a number of statements. I believe that we are ascribing excessive significance to the platform of the Communist Party. We have already been able to see quite well that, in the final account, politics means assuming responsibility. The Communist Party proved that it is unable to assume responsibility.

[Kospartova] They are our past, that is all we know, and when we see the same things, when we see their senselessness, we are bound to ascribe some significance to them.

[Dimitrov] You probably want me to make a similar assessment concerning the platform of the Communist Party. Actually, that platform is a mixture of borrowed ideas.

[Kospartova] From whom were they borrowed?

[Dimitrov] From all democratic doctrines which speak of human rights, a market economy, and free initiative....

[Kospartova] History teaches us that men do not learn from history. Within the short historical time since 10 November, however, there have been quite a number of lessons which we wrote ourselves and we had many examples which could instruct us as to what we should not do rather than what we should do. What would you define as helplessness and what would you consider a success for the nation?

[Dimitrov] I want to make one thing very clear. We cannot speak of failure here or there, of a major error at one point or another, but we must speak in terms of an entity, of the fact that on 13 October there will be elections which the Communist Party is doomed to lose without a single drop of blood being shed. This would be a definite success. Of late it has become fashionable to say that a peaceful means of converting from communism to democracy was something irregular or out of place. There is no such thing. The question is for such a process to take place. We can say that when we appeal for peace the communists try to make use of this fact to gain some kind of benefit. We can say that they are frightening us with the possibility of clashes and violence in order to earn political dividends from this. However, we cannot say that we do not favor a peaceful transition. Anyone who says that is simply a person who runs off at the mouth or else works for the elimination of democracy in Bulgaria. This must be absolutely clear. We do not need any broken heads or bloodshed on the streets. There is no need for us to be like Yugoslavia.

[Kospartova] What was the most binding helplessness which, one way or another, we must acknowledge?

[Dimitrov] There was a great deal of helplessness. One the one hand, it was the helplessness of that part of the nation which was unable to call things by their true names and to involve in them the other part. A great deal is being said about the fact that because of forgeries the Communist Party did not deserve its parliamentary majority at all. One way or another, however, the Communist Party was able to achieve a monstrous result. For a communist party to be able to achieve this was a reason for indignation. On the other hand, the people realized that not only for moral, but also for purely practical reasons, that same party had to be removed from our way, for it was simply obstructing us. It is obstructing agriculture, the economy, urban planning.... Generally speaking, it is an obstruction. Other forms of helplessness were the helplessness of the opposition to control itself, for that which occurred in the parliament can very conveniently be explained with the "wedge plan." Personally, I do not consider this a satisfactory explanation. I can accept the fact that a spying organization, such as the Communist Party, could very naturally penetrate here and there. That is not the point. Not being a conspiratorial organization, we do not fear this. What was frightening was the helplessness of the chaos which arose within parliament. There was chaos and there were no embryos of organization within the parliamentary union of the SDS. In the next parliament, if this does not change, the situation will indeed be quite terrible.

[Kospartova] Could we speak of the helplessness of the nation?

[Dimitrov] Our country has no reasons to be helpless. I do not like this tale of helpless nations. Usually, this is the favorite occupation of the intellectuals, to try to prove that we, Bulgarians, are bad people, that we are clumsy, that we cannot accomplish anything, whereas look at the others what they have accomplished, while our people are not real people. There are no nations which are less capable than others and I am not convinced at all that people who live in Bulgaria are somehow less capable of structuring their lives compared to other people.

[Kospartova] An honest attitude is burdened by the threat that, if necessitated by the circumstances, one should act not as one wishes but as is necessary, risking being accused of lack of sincerity. What are the sensible limits of caution?

[Dimitrov] This question touches upon another, for in addition to caution there also must be honor. This is perhaps the most difficult problem. To begin with, a person must know what he is talking about, and I think that it is high time that this be learned in Bulgaria. Various people in this country, on both sides of the barricades, have said things which would cause any self-respecting politician to resign. Do not ask me about

the limits. Also, do not ask me at what point a man forsakes his honor. Usually, this becomes clear at the end.

[Kospartova] Is this way not quite risky?

[Dimitrov] Life itself is terribly risky. It is very easy for a person to be a hermit and to be moral. It is very easy for a person to be a thief and a criminal. However, to be an honorable person in the city is much more difficult.

[Kospartova] I may have perhaps omitted the most important question. Could you please at least answer it!

[Dimitrov] I do not know. However, I would like to go back to the example of St. Louis, which makes our thoughts meaningful. This means that efficiency is better than effectiveness.

### **SDS Deputy Markov Explains Campaign Aims**

*91BA1151A Sofia DEMOKRATSIYA in Bulgarian  
13 Sep 91 p 3*

[Interview with Union of Democratic Forces Deputy Georgi Markov by Irina Ivanova; place and date not given: "The Strength of the Union of Democratic Forces Resides in the Naturally Intelligent People in Bulgaria"]

[Text] Over a period of five months a group of deputies toured more than 100 settlements throughout the country.

As we know, in recent months a group of national representatives from the Union of Democratic Forces [SDS]—Stoyan Ganev, Georgi Markov, Ventseslav Dimitrov, Stefan Savov, and Aleksandur Yordanov—have held hundreds of meetings with the public in many cities and villages throughout Bulgaria. We spoke with Deputy Georgi Markov on his impressions from such discussions and the problems and feelings of the people he met.

[Ivanova] Were these encounters difficult?

[Markov] Yes. Not only because of the physical fatigue of traveling and the stressed program in the places we visited. Above all, it was due to the realization of the great responsibility we assumed for everything we told the people. We were asked a great variety of questions. It was as though we were put through an X-ray examination. We realized that the people did not want talk in general but specific answers, and that they see and understand things well. We visited many problem areas and, although infrequently, we were exposed to provocations and efforts to wreck our meetings, as was the case in Kurdzhali and Dulovo.

[Ivanova] You probably also had moments of satisfaction?

[Markov] Naturally. I was greatly impressed by the tremendous love with which we were welcomed in many places. Actually, it was these people, these meetings, that gave us strength. We realized that our strength, the

strength of the SDS, lies in the Bulgarian people. They are firmly backing us and we simply must implement their will.

[Ivanova] Do you have any specific recollection?

[Markov] I shall not forget, for instance, the day we started from Kharmanli, at 5:30 a.m., when the local members of the Nikola Petkov Bulgarian National Agrarian Union [BZNS-NP] had come to present us with small food packages. Almost everywhere we were on a first-name basis with our sympathizers. About many of these people I feel as though they were my relatives, although I have met them just once. However, they frequently call me on the telephone and share their problems with me.

[Ivanova] What are their problems?

[Markov] At those meetings we had feedback and learned the problems of the people. This is something that we would have never found out had we remained in Sofia. Thus, for example, the population in the border areas has no idea about how it will earn a living in the next few months and years, the people of Madan, Rudozem, Malko Turnovo, and Zlatograd. In those cities life is very difficult and food is more expensive. I was able to tour the entire Rodopi area, and I believe that urgent steps should be taken there for the development of tourism, with the help of foreign investments. Some of the ways of resolving problems in these areas are included in the SDS electoral platform.

[Ivanova] According to the people you met, what are the errors committed by the SDS?

[Markov] Most of our sympathizers believe that our participation in the government is a gross error. They understand the moral position of the SDS, but claim that in practice the BSP is earning political dividends from such participation. We are being blamed for not having let the BSP to drink its own cup to the bottom. In several areas the people were disappointed in the fact that their SDS representatives in parliament do not visit them. In Dospat, for example, not a single national representative or opposition leader had visited the area. They are hurt by the appearance of a blue nomenclature.

[Ivanova] Did you visit villages, and are people there still afraid?

[Markov] Our visits to the villages were particularly important. We now intend to visit many more villages. It appears that the SDS will win a convincing victory not only in the big cities but also in some smaller towns and villages such as, for example, Surnitsa Village, with 92 percent, and Malchika, with 72 percent of the vote. Unfortunately, the fear remains. In Akhtopol, for example, although nearly 2,000 people had rallied, a local person asked me: "Mr. Markov, will they arrest us?" That was after everyone began to sing "we do not



want communism, down with the BCP [Bulgarian Communist Party].” In such places the opposition is only now beginning to show up. That is why it was very important for us to show to these people that the democratization process in Bulgaria is irreversible and that they have nothing to fear.

### Youth Groups of Political Forces Described

91BA1150A Sofia DEMOKRATSIYA in Bulgarian  
13 Sep 91 p 3

[Article by Pepa Vitanova and Vladimir Munzelov:  
“Opposition Youth Organizations of the Future and  
Wind Chasers Chase the Wind”]

[Text]

### Youth Opposition Movements Comment on the Future

#### Federation of Independent Student Societies (FNSD)

The FNSD is member of the National Coordination Council of the Union of Democratic Forces. Currently it is under collective management provided by an administrative bureau. **Rosen Pashov**, who is its representative, is a third-year student at the Technical University: “Intelligent and honest people who think positively can save Bulgaria. Such people can be found only in the United Blue Opposition.”

#### Youth Union of the Democratic Party (MSDP)

The union was created in the 1920's. It was hit by two coups: one on 19 May 1934 and one on 9 September 1944. It was restored on 19 December 1989, when the Democratic Party resumed its activities. Today the MSDP has more than 3,000 members and is organized in 48 local organizations, a substantial number of which are in the villages.

“There are no differences among us. We are unanimous in securing as best we can the electoral victory of the United Blue Opposition,” said **Mikhail Gruev**, the union's chairman, who is a history student at the Sv. Kliment Ohridski Sofia University. “Representatives of the Youth Organization of Christian Democratic and Democratic Parties (DEMIK) have been invited by us to observe the elections.”

#### Youth Radical-Democratic Federation (MRDF)

**Nikolay Tonchev**, chairman: “We have clubs in virtually all cities throughout the country. We even have a functioning club in Khaskovo, where there still is no RDP [Radical Democratic Party] organization. Our federation also includes young people who are not members of the Radical Democratic Party. These youngsters are now participating in the work of the Union of Democratic Forces (SDS) citizens' committees. Furthermore, the activities of the radical democrats in the local SDS coordination councils are well known. In the forthcoming elections we will not include in the SDS tickets MRDF candidates but we have been given assurances

that the interests of the federation will be properly defended in the future National Assembly.”

#### Nikola Petkov Agrarian Youth Union

**Balcho Balchev**, cochairman: “We suggested that the Nikola Petkov Bulgarian National Agrarian Union [BZNS-NP] tickets include the candidacies of young people, members of the ZMS [Agrarian Youth Union]. Our youth union will also play a major role in the municipal elections, for in a number of villages our organization will run candidates for mayor. Otherwise, in the course of the electoral campaign, the members of the Nikola Petkov BZNS will, as usual, do the hard and unrewarding work of disseminating propaganda materials, organizing electoral meetings and events, etc. This work is hard but very necessary.”

#### Union of Bulgarian Social Democratic Youth (BSDM)

The union was restored on 28 July 1990. Following is the statement by its chairman **Vladislav Yanev**, postgraduate student in physics, Bulgarian Academy of Sciences: “We have assumed a neutral position on the split within the BSDP. We assume that after the elections the contradictions within the Bulgarian Social Democratic Movement will be surmounted. The question is to deal with the communists. We shall support opposition candidates who have the necessary professional and moral qualities.”

#### Bulgarian Agrarian Youth Union (BZMS)

The BZMS resumed its activities on 30 April 1990. It has 104 local groups in the country and five in the capital. The list of BZNS-United candidates includes eight youth union representatives.

“Never again communism,” said **Dimitur Subev**, union chairman. “Our electoral message is the somewhat forgotten slogan of Aleksandur Stamboliyski: ‘Peace, bread, democracy.’ Once again Bulgaria must become a country with a developed agriculture. Our land is bountiful. We simply must love it as did our fathers.”

#### The Wind Chasers Are ‘Chasing the Wind’

#### Bulgarian Democratic Youth (BDM)

The BDM inherited the property of the Komsomol but does not like to be identified with the former DKMS [Dimitrov Komsomol]. It claims that it is above the party and is not linked to any political parties. For the elections, it is prepared to assist the Association for Honest Elections and the Association for Free and Democratic Elections. “One year ago we had already stated that we shall act in eternal opposition to the state. Our position does not depend on the electoral victory of any political force whatsoever,” said BDM chairman **Ivan Atanasov**.

As an economist, he may have accurately established that Komsomol property and cash have already been laundered and dried by the companies.

### Bulgarian Student Union (BSS)

The BSS appeared on 1 December 1990. It publishes the newspaper VETROGONTSI. Its members, nice young people, are stubbornly "chasing the wind."

"We support the coalition rallied around the BSP, for it has committed itself to struggle for the preservation of free education in the schools, whereas the opposition has raised the idea of elitist education," said BSS chairman Vladimir Vladimirov, fifth year pedagogy student at the SV. Kl. Okhridski Sofia University. He justified this by adding that last spring they tried to establish contact with Mr. Dertliev but were not answered. It is regrettable that the lies of the BSP about the huge fees which the SDS would have allegedly introduced in schools and hospitals have been able to mislead, in addition to the grandmothers, some of their grandchildren as well.

### Socialist Youth Union (SMS)

The SMS also states that it will support the candidates of the BSP coalition. However, it was unable to explain why. Metodi Ivanov, the union's deputy chairman, said curtly: "We have our electoral views. Some people have a sense of humor."

### Student Trade Union (SSS)

The SSS is established at the Sofia Technological University. Its chairman is Nikolay Pankov. It supports the view that it makes no difference to university students who will be in power, for this will not affect their academic and social problems (?).

### Government Taxation Policy Criticized

91BA1133A Sofia 168 CHASA in Bulgarian 3 Sep 91 p 9

[Article by Nencho Petrov: "Compared to Kostov's Taxes, the Tower of Babel Would Appear Vacant"]

[Text] The accumulation of a tax on tax increases the amount of taxes by 50 percent. All that is left for the Bulgarian people is to dip into their pockets.

Taxes are the principal obligation of every citizen, who must pay them promptly and in the stipulated amounts. In that sense, the system of taxation as stipulated by the law is of a strictly imperative nature. Hence the basic rule applicable to the tax laws. Unlike many other legal acts, they mandatorily meet the requirement of absolute accuracy, and their loose interpretation is forbidden. The main quality of a tax law is that all the stipulations it contains must be complete and all expansions and limitations must be precise and strict.

The main fault of the present tax laws is a ubiquitous avoidance and violation of this basic requirement. Each one of them comes with several additional rulings, instructions, etc. Most of the texts are unclear and incomplete and could be interpreted in several different

ways. The thus-developed tax system was quite advantageous to the dictatorial regime and the entire bureaucratic structure. It is hard to explain why the present "democratic" institutions are tolerating such anarchy, the more so since the application of the system is in violation of tax laws. Following are some examples:

The general income tax is concealed within the income of the citizens. One of the most frequently encountered explanations is that this helps to increase pensions, for we are very humane and, when we compute the pension, we also include the tax. There is a more basic and simpler way of showing humanity in pensioning: increasing the rate from 55 to 65 percent on the real wage. Let us very clearly point out that considering the general income tax "from" and not "to" the salary was one of the ways to increase it above the legal limit; there was no specific indication whether this would be "from" or "to."

On another occasion, we already indicated that the social security tax significantly exceeds the cost of the activities for which it was levied. Thank God, it is paid "to." However, there is no rule or substantiation to pay a tax on social security on top of the general income tax. It is as of this point that the notorious "Tower of Babel" in taxes begins.

There have been many comments made on the turnover tax. It is "from" the obtained price, thus marking the completion of the "Tower of Babel." We have made a "supermodern" contribution to world taxation practices: turnover tax on social security and general income. This step which, among others, is not regulated by any law conceals the fact that as a result of the accumulation of taxes upon taxes, their actual amount is increased by a factor of 1.5 to 1.7. This is being concealed most zealously from the taxpayers and the international experts who visit us.

An interesting situation develops with loans and interests. As we know, the prime interest rate was 52 percent. Then, "with a view to stimulating the 'tempestuous economic growth' and to demonstrate the 'unquestionable and profound concern for the economy,' it was 'substantially' reduced to 'only' 47 percent." As we know, the banks transfer this interest rate directly to the center. Here we must once again expose the latest deviation, for the prime interest rate was not 52 but 66.664 percent, and now it is not 47 but 60.254 percent. The difference is the result of the effect of the turnover tax. The explanation is that interests on loans are not an "allowed" expenditure and are taxed. What remains secret, however, is what is the "allowed" expenditure and what is the criterion in classifying the cost which is part of the price as deductible or nondeductible.

Let us stop at this point. Within the tax system, puzzles and mysteries are so numerous that their full and detailed description would fill a rather thick volume. The addition of the latest traps would yield unknown consequences. We could recommend to the seekers of

strong sensations to include in the system the new health-care tax which, as we know, will be 6 percent paid by the employee and the employer, each. Let us not think of how many bureaucrats will thus acquire the opportunity to behave outrageously. We would advise the seekers of strong sensations, before starting their calculations, to swallow a couple of tranquilizers. Naturally, they should also ask the proper person the rhetorical question: Where are these health-care funds going, as they continue to be collected through the existing tax system?

In practice, the legal settlement of the taxes legitimizes an economic policy based on plunder. However, the trouble does not end there. A mandatory prerequisite for the functioning of a market economy is the prompt payment for labor and the just reward for productivity. In that sense, today everything is outraged. Salaries are paid monthly, by the end of the following month, when the labor productivity which was achieved has already been forgotten. We are close to adopting the system of daily and weekly paydays, for without it there can never be a market economy, whatever some may claim.

During one of the days off in our company, we gathered to discuss what must be done to convert to such a modern organization. We started early in the morning. By the time the television programs were ending, we had accumulated a great deal of data and an entire bucket of cigarette butts. We decided to make use of a computer, one of a model which can still not be purchased with Bulgarian leva. We are professionals in electronics and we made the program. We then fed the proper data to the computer. This miserable thing began to demand more and more data and an expansion of the program. The more we obeyed its whims, the more it asked. Finally, it began to squeak, then we heard a noise, and the computer was down, victim of a general irreparable error. The screen turned blue-red, then green and, finally, light brown.

It may seem ridiculous or sad, but today our economy is being obstructed in the grossest and most inept manner possible. We fear that some people continue to pay no attention, thinking that this reform is like the old "major initiatives" that were contained in the various party resolutions, instructions, etc., and that all of this will pass as have various campaigns in the recent past. All of these people are deluding themselves most gravely. The question is formulated as follows: Either a fast calming of the situation or else let us start thinking about the outcome, for we know for sure that at that point no thinking whatsoever will be needed.

### Antitrust Commission Chairman Interviewed

91BA1179A Sofia DELOVI SVYAT in Bulgarian  
16 Sep 91 p 2

[Report by Mara Georgieva: "Statement by Engineer Stefan Neshev, chairman of the Commission for the Protection of Competition: 'I Shall Encourage the Honest Entrepreneur With Respect and Gusto'"]

[Text] The main purpose of the Commission for Defense of Competition will be to create conditions for loyal competition among commodity producers. Only thus can we protect the interests of consumers, said Engineer Stefan Neshev, commission chairman, to DELOVI SVYAT.

The commission will see to it that possibilities of abusing the monopoly status of producers are not created. Should such abuses occur, on its suggestion, the Council of Ministers may set maximal or minimal prices which would be mandatory for the producer-monopolist. The commission may appeal to the court to impose penalties if the rules stipulated in the Law on Competition are scorned. Furthermore, in cases of violations of the legal stipulations, it may suggest the breaking up of enterprises or associations. One of its obligations will be to see to it that equal competition conditions are created for participants in the competition for the allocation of import and export quotas among the firms, Neshev said.

What are the personal plans and ambitions of the commission's chairman?

"I have never been dependent on any individual or institution," Engineer Neshev answered. "My conscience may be 'bare but clean.' My first task is to preserve this condition. I would like, in six months, for the consumers to have something good to say about this commission. I believe that six months would be sufficient to feel the results of its work."

Engineer Neshev also stated that his immediate objective will be "to help enterprises which would like to find their place under the sun honestly. I shall try to encourage the honest entrepreneur with great respect and particular gusto."

The National Assembly elected Krustyu Stanilov and Vasil Milkov deputy chairmen of the Commission for the Defense of Competition. "These are highly skilled professionals, with extensive training in economics. I am relying on their professional and practical experience," Neshev said.

### Coupon Privatization Chief Answers Questions

91CH0915B Prague HOSPODARSKE NOVINY  
in Czech 5 Sep 91 p 4

[Interview with Dusan Triska, chief of the Coupon Privatization Agency at the Federal Ministry of Finance, by Marcela Doleckova; place and date not given: "Coupons Have the Green Light"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] Privatization, as one of the pillars of the economic reform, has been met with general approval. However, when the group around Vaclav Klaus proposed privatization by the coupon method, this gave rise to a certain amount of doubt in some in the Czechoslovak political and economic sphere. However, today, the Federal Government should already be approving a regulation which will, finally, open the doors to coupon privatization. One of the godfathers of the project, Dusan Triska, granted us an interview.

[Doleckova] Not only enterprises, but also some government entities are demonstrating more or less disguised reticence with respect to coupon privatization with the justification that it will not provide any capital for enterprises which need it urgently.

[Triska] In principle, privatization is not a source of capital because it does not sell the enterprise, but rather the state does the selling. So that, in theory, income from privatization could at best become income for the state budget. Actually, this was the goal of privatization in Great Britain. To the extent to which an enterprise in Czechoslovakia has different notions, it errs significantly: According to Czechoslovak law, all proceeds of privatization flow into the Fund of National Property. And this fund has very limited opportunities of disposing of this property. It can, for example, only make limited use of it for so-called debt reduction. Enterprises may acquire capital like enterprises do elsewhere in the world: either by borrowing money at the bank or—insofar as they are joint stock companies—by increasing their basic capital by issuing new securities. This is how new capital is customarily acquired.

[Doleckova] However, not only certain circles in the enterprise or government sphere have certain fears of coupon privatization, but citizens do as well: They believe that an enterprise which wishes to privatize itself by the coupon method has not managed to find anyone who is interested, and this means primarily a foreign interest, that it is an enterprise without a chance of survival and with no future.

[Triska] According to my experiences, foreign investors are groping about and have a difficult time orienting themselves with regard to which enterprises have and which enterprises do not have any future. And that is why I believe that it will be very interesting to determine precisely on the basis of the course of coupon privatization what kind of future people themselves think enterprises have. And above all I think that breaking down

enterprises into those with a promising future and those with no promising future is not up to the government. The government is not capable of breaking down enterprises according to their prospects for the future, and cannot do so. This must be done by the market, through the medium of investors. There have been many attempts at discontinuation programs or, on the contrary, developmental programs on the part of the government and all have ended in a fiasco. To estimate the future of enterprises in a country which six months ago liberalized prices and lost the overwhelming portion of its markets, to recognize which enterprise still has an opportunity and which has definitely lost it, this is a very difficult matter, if not an impossibility.

[Doleckova] Nevertheless, it is reported that some kind of listing of enterprises which have prospects and enterprises which are intended for liquidation exists not only at the ministerial level, but also allegedly with the Industrial Association.

[Triska] We have a great deal of nonconfidence regarding such listings. Such a listing can by far not serve as a basis for decisionmaking for me as to where I might place my coupons.

[Doleckova] In this situation, how do you estimate the supply and demand side of coupon privatization?

[Triska] According to the latest public opinion polls, some 2.3 million individuals from among the still largely uninformed population, have decided to purchase a coupon booklet. We think that the number of people interested in coupon booklets and in the appropriate stamp, costing 1,000 korunas [Kcs], will rise to about four million from among a population of 11.5 million which are entitled to do so according to law. In other words, four million citizens at 1,000 points each will be representing four billion points. This is the demand side. On the supply side, there will be the state property—enterprises or their portions—at a minimum nominal value of Kcs210 billion, of which Kcs140 billion will be in the Czech Republic and Kcs70 billion in the Slovak Republic.

[Doleckova] For purposes of coupon privatization, enterprises will be transformed into joint stock companies with their property being expressed by a certain number of shares at a nominal value of Kcs1,000. How will the "coupon" value (or perhaps already the market value?) of these shares be determined in the first phase or rather during the first round of coupon privatization?

[Triska] We have worked out a model which is our pride and joy and we will publish it in worldwide journals. The model is based on the following consideration: On the one side, there are several hundred companies, whose basic capital will be expressed in terms of Kcs1,000 shares. If an enterprise has a basic wealth worth Kcs1 million, it will issue 1,000 shares. Now what is involved is the number of points at which these nominally Kcs1,000 shares are to be offered. Our point is that we will begin selling each Kcs1,000 share of each enterprise

for the same point value. To the extent to which our estimates of the supply and demand are approximately correct, the resulting point value of each Kcs1,000 share should be about 12 investment points.

[Doleckova] Of course, this is only theory, which says that the demand for shares will be spread evenly over all enterprises offered for coupon privatization. A more likely situation is that a few tens of percentage points of interest will be concentrated into a few percent of the enterprises. What now?

[Triska] If demand were to be spread evenly, then coupon privatization could be concluded in the first round. What is more likely is that there may be an excess of demand or, on the contrary, an excess in the offering pertaining to a certain enterprise. Wherever demand will be lower than the number of shares offered, we can satisfy all of the demand—that is to say, that all those who have ordered securities of the given enterprise will also receive them. And now, there can occur a variation according to which the remainder of the unsold securities may be so negligible that it can be ignored. Or, a second variation can occur, in which the remainder of the unsold securities is so large that it will be reoffered in the second round. At a lower "point" price. For purposes of calculating this lower "point" security price, we have worked out a mathematical model which can adapt the price to the demand. It is worked out so that it is capable of executing this estimate of a lower point price for all enterprises finding themselves in this situation. A second case involves a situation in which demand by interested parties exceeds the supply of securities available for coupons. This is a problem which is intellectually the most difficult element of the entire operation. The principle behind the steps lies in the fact that an announcement will be made involving the listing of enterprises in which there was an excess demand over the supply of securities and all those who have ordered securities of these enterprises will, thus, know that their order will be returned to them: The enterprise will enter the second round of privatization at higher "point" prices for its securities.

[Doleckova] How will this information reach those who ordered securities?

[Triska] I expect that HOSPODARSKE NOVINY will be publishing this information on a continuing basis and I do not exclude the possibility that it will even be another print medium which will realize that four million clients are involved who will want to know how they succeeded with their security orders. Otherwise, the Ministry of Finance is obligated to transmit this information to the network through which the owners of coupon booklets order their securities. And then, the communications media should also be involved. Of course, everyone has the right to acquire all information pertaining to the status of his "points account" at the place of registration, which is obligated to provide him with all requested information.

[Doleckova] How long will the first round, during which it will already become very clear as to how an enterprise is evaluated in the eyes of those interested in acquiring it, last?

[Triska] Basically, one month. In its first phase, orders will be placed at the well-known "point price," then these orders will be collected and evaluated and possibly new point prices will be declared. This will be true of all subsequent rounds. If it should happen that a decisive volume of interest would remain concentrated only on a few enterprises, then it is possible to break out these enterprises and ratchet up their prices to, say, 1,000 points per share. In truth, I consider this situation to be purely theoretical and do not expect it to occur in practice. Anyway, this could also be solved by withdrawing these enterprises which are subject to superinterest from the first round of coupon privatization and entering them directly into the second round or by beginning to sell their securities for cash or by a totally different method. But I repeat, I consider this situation to be theoretical, but we are, nevertheless, capable of solving it.

[Doleckova] But what if the opposite situation occurs—what if only, say, one owner of investment points shows any interest in an enterprise?

[Triska] That is the second extreme. The solution is simpler: In the second round, unsold securities will be offered at a lower point price; in the third round, at a still lower price, etc., etc.

[Doleckova] However, it could happen that there will be zero interest, even though the shares might be ever so cheap.... Simply, no one will want to acquire the shares of some enterprise.

[Triska] The same question was asked of us by the experts from the World Bank. The answer is not so complicated. It is possible to take three random possible measures: We shall either close the enterprise because it was actually sentenced to this end by the results of a national referendum. Or, it is possible to transfer it to the second round of privatization and to hope that there will be some interest in it during this second round of privatization. Perhaps because the situation within the enterprise or surrounding it may have changed. And then there is the third solution which I have privately designated as "giving it away to the Japanese." This means that it is possible to offer it for free or at a symbolic price or even as recompense to anyone. However, then there cannot ensue any kind of argumentation regarding any kind of give-away program because this approach is justified by the lack of interest on the part of domestic investors. And there is no need for any kind of camouflage of the type represented by tax relief or any kind of other subterfuge. I will simply give the enterprise to Mr. X or Mr. Y merely because he will maintain at least a certain amount of employment, etc., etc. Of course, this is not necessarily a matter of foreign interests; it can be anyone. However, no one can criticize the fact anymore



that we gave away the enterprise to someone for free because prior to that time we had offered it for free to Czechoslovak citizens.

[Doleckova] Some enterprises are complaining that they could already establish a joint enterprise with foreign partners today, but that the Federal Ministry of Finance no longer permits this kind of establishment.

[Triska] The law on large-scale privatization deprived us of this ability. An exemption could be accorded only by the government of the republic. Another matter is quite different: I do not believe that the system of establishing enterprises with foreign property participation is the best method because current Czechoslovak practice involved in the formation of joint ventures is such that the best portion is selected from a Czechoslovak enterprise for connection with foreign capital. This is how a promising new enterprise comes into being. But what about the remainder? It is silently anticipated that, somehow, the state should take care of it. We are propounding the thesis that if an enterprise is to be privatized, it should be privatized as it is. To the extent to which a foreign partner evinces interest in a part of some enterprise, we hold to the view that he should buy all of it and we expect that as a whole it could have a lower value than only its part. Such a procedure is more transparent than any kind of camouflaging. Anyway, the establishment of joint ventures is quite an exceptional process in the world of the market economy. For two enterprises—and, at that, perhaps even competitors—to establish a joint daughter company is, to be quite frank, exceptional.

[Doleckova] I wish to return to the institution of the privatization funds. Who may establish them and under what conditions?

[Triska] A coupon privatization fund can be established by any legal entity which obtains permission to do so from the State Bank. There exists a certain hope that this bank will decide that it will not issue any permissions at all. In other words, such a permission would not be necessary in order to establish a fund. However, this question is still being discussed. Personally, I believe that the bank will probably insist on the permission process, but that it will be very liberal in granting such permission. Of course, it will identify criteria according to which it will issue such permissions or according to which it will not issue them. These criteria could include even the deposit of certain funds, let us say, Kcs1 million.

[Doleckova] Except that state enterprises, to the extent to which they wish to establish their own privatization fund, could not do so in this case according to the preventive paragraph.

[Triska] This is another problem. State enterprises, and particularly state monetary institutions, will have to have a theoretical exemption from the preventive paragraph. We wish to offer a recommendation to all three

governments to adopt such a measure so as to overcome this difficulty and permit even state enterprises to establish privatization funds.

[Doleckova] If the first round of privatization will be solved by the coupon method, how will the second round proceed?

[Triska] New booklets, new stamps, new coupons, etc., etc.—simply, a repetition of that which took place in the first round, except that this time, it would involve other enterprises. And, of course, to a certain extent, it would even involve other citizens because some would attain the age of 18 at that time and others might, for example, die.

[Doleckova] And now we get to the question as to how things will be regarding the actual securities acquired for coupons. Will they be in the name of an individual, will they be made out to the bearer, how will they be traded?

[Triska] When the privatization round ends, there will be new owners of joint stock companies on one side and these companies on the other side. How to proceed further specifically is a question which occupies a team of experts today. Our idea is such that trading should be done on a cashless basis, through the medium of a computer network which will serve coupon privatization as such. In other words: You will have securities on an account and you will be buying or selling other securities by transferring them from that account or to that account. In other words, the shares will be made out in your name because in a cashless system nothing else is possible.

[Doleckova] Does this mean that a securities market will come into being to which anyone will have access?

[Triska] Watch out: Once everything is established, it will be possible to regulate very precisely who has access to the system. We anticipate that by that time, there will already be a law on the securities market, that there will be a stock exchange for securities, complete with the appropriate organs which will determine who may or may not have access to direct trading. For example, consideration is being given to the fact that, during the first phase following the conclusion of privatization, only Czechoslovak citizens would have access to this market. We can even attempt to attenuate the first offerings shock, should it occur in the event a larger quantity of "coupon" shareholders should suddenly decide that they wish to convert their securities to cash. But we are not considering a longer interval during which trading in securities would be totally prohibited; on the contrary, we wish to start the market operating immediately. In subsequent stages, we will permit foreign investors to have access to the Czechoslovak securities market via a specific regulated way which, in my opinion, will certainly increase the value of the securities. To the extent to which an individual might not feel like personally trading securities, thousands of brokerage



offices will most certainly come into being which will take on this work for a fee.

[Doleckova] To the extent to which there is a certain reticence regarding the coupon method in the world, it is concentrated on the technical difficulty of this maneuver. This does not appear to be unjustified, particularly when one considers the technical pitfalls in an incomparably smaller operation such as small-scale privatization.

[Triska] Coupon privatization is truly a project which has no equal. If I am asked whether I would recommend this method to another country, I am perplexed because I do not know whether they could master it. However, I am convinced that we shall master it in Czechoslovakia. And I feel we can do so more easily than small-scale privatization, which is not a systems-type solution. That is where the difference is with respect to the method of coupon privatization.

**ALLGEMEINE Editor on Antall, Media**

91CH0950A Budapest HETI VILAGGAZDASAG  
in Hungarian 14 Sep 91 pp 30-31

[Interview with Paul Georg Hefty, editor of the FRANKFURTER ALLGEMEINE, by Bela Weyer in Budapest during the second week of September: "A Conservative German Journalist Responds: 'Hungarians Regard the Rejection of Experience Gained by Others as a National Virtue'"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] In a study slated to be confidential, the MDF [Hungarian Democratic Forum] faction leader regarded the assessment of Hungary abroad as being so good that he felt that the time had come to introduce more stringent regulations governing the press. Three mass communication professionals of the German conservative political persuasion lectured in Budapest during the week the statement became public: the managing director of the Hanns Seidel Foundation, which is close to the CSU; the press spokesman of the party's parliamentary faction; and the editor of the FRANKFURTER ALLGEMEINE (FAZ). We asked the latter, Paul Georg Hefty (age 44), how their presentations were received by the Hungarian audience composed mostly of MDF representatives, and how he reacted to the secret MDF position that had been leaked.

[Weyer] The three of you represented a conservative German party, a foundation close to the party, and the most prestigious German conservative newspaper before an audience composed of mostly conservative Hungarian representatives. In theory, one could have counted on unclouded concurrence. In reality, however, it seemed as if you had not even been speaking the same political language.

[Hefty] We spoke the same language, but our thoughts progressed in different directions. The Hungarian audience understood very well what we wanted to say but they were frightened by our message. And we understood the way they viewed the relationship between the press and political parties from the questions they asked....

[Weyer] ...And were you frightened by those questions?

[Hefty] No, nevertheless we wondered.

[Weyer] To tell the truth, there were things said you could wonder about indeed. Hungarian participants pressed the issue of how the media could be channelled in the "appropriate" direction by law and by establishing rights for the press, while you and your fellow lecturers detailed the way the freedom of the press must be institutionally secured by keeping the state away from it. These are two different worlds. But are you certain that your side was correct?

[Hefty] This is a joke, isn't it? Of course I am sure, because all this has been proven by experience. The Hanns Seidel Foundation, like the rest of the German political foundations in Hungary, has as its goal to

abbreviate the path of search by transferring the occasionally bitter experiences of the developmental process in Germany. Unfortunately, the way I see it, Hungarians regard the rejection of experience gained by others as a national virtue.

[Weyer] Let us turn to the details in hopes that this might not be a general phenomenon. In your experience, should it be permissible for a party to interfere with the workings of the press?

[Hefty] One can understand a party that wants to interfere with the workings of the press; it wants to do so the same way as it tries to intervene in every field of politics. And a party has a certain right to do so. We did not question this right, but we view the least possible temptation for such interference as a function of constitutional law and of the governmental structure.

[Weyer] It appears that this temptation is becoming increasingly larger in Hungary. According to MDF faction leader Imre Konya's thoughts published in NEPSZAVA, he believes that his party is strong enough by now and that the situation is appropriate to create order—in his interpretation—around the radio and television. Presumably even the environment abroad is very favorable to accomplish this; press reports about Hungary are very good.

[Hefty] This is a deadend street. I believe that the publicized view of Mr. Konya, one that was certainly slated to be confidential, would bring about a turnaround in the relationship between the parties and the press, moreover, in a direction that is the opposite of what the author had in mind. This is so because this could silence for several long months all kinds of ruling party arguments concerning the press, and because it would be possible to point out that the parliamentary leader of the ruling coalition wanted to exercise full power over the press.

[Weyer] And is it really true that the image of Hungary is so good in the foreign press that this endeavor should be taking place now?

[Hefty] To the contrary. It is far less favorable than it was in 1989-90. In those days there was much good will, in the spring of 1990 the Antall government was viewed as the guarantee of the freedom of the press. This good will went so far that the conservative Western press tried to offset excessive liberal criticism. Despite this fact, however, the Hungarian Government's relations with foreign journalists has also deteriorated. This dates back more or less to the time when my colleague Viktor Meier was forced to put into writing his finding, according to which "if someone constantly feels that he is being misunderstood, that person must ponder whether he is expressing himself with sufficient clarity!" In any event it is noteworthy that the foreign press has shown a lack of interest since last fall, and all they say about you is what has to be mentioned from the standpoint of news reporting, even

though Hungary could be the topic of many more analyses, commentaries, and articles. The country's interests would also demand such coverage.

[Weyer] Interestingly it seems as if Hungarian politicians felt better off without the press.

[Hefty] This would be a very grave mistake. Although businessmen and economic leaders obtain very much information from their direct relationships, partners, and banks, they are able to evaluate the total picture only on the basis of your home press.

[Weyer] From this standpoint it should not be encouraging that there is not a single influential medium of the German press—including your newspaper, the SPIEGEL, the SÜDDEUTSCHE ZEITUNG, and the ARD—of which the Hungarian ruling party or its leaders would not have made one or another disparaging remark.

[Hefty] Doing so, however, is every politician's right. Neither newspapers nor journalists are protected. The only question is whether the aggrieved politician has more effective means available than the press and the public character of the press to support his policies. It is obvious that Prime Minister Antall is able to discuss very many things very well in very many telephone conversations with Chancellor Kohl. But this will create a good impression of the Hungarian head of government with Kohl at most, and the world will know nothing about it.

[Weyer] Perhaps surprisingly after what you have just said, you have a very high regard for the Hungarian prime minister. So much so that in your presentation you said that deep in their hearts even the Hungarian journalists who attack, or at least criticize, the government could not name a better person to serve as the head of government.

[Hefty] I truly regard Jozsef Antall as a talent who has been purposefully preparing himself for years to assume this position, and he has what it takes to perform this function. I cannot find another politician either in his party or in other parties, nor do I find a Hungarian writer, historian, or economist better suited to perform this function in the present situation than he is.

[Weyer] You must know what you are talking about, because prior to joining your present newspaper you worked in Bonn as a personal assistant to one of Helmut Kohl's deputies. Tell me, do German conservative politicians have the same difficulty in dealing with the press as their Hungarian counterparts of similar political persuasion?

[Hefty] The CDU-CSU [German Christian Democratic Union-German Christian Social Union] had always been dissatisfied with the press. They were angry and indignant, they tried to repay sympathizing journalists by providing advantages when releasing information, but they never went so far as attempting to interfere with personnel issues, or perhaps with organizational issues. As that would be the case in regard to the composition of

the supervisory committee of the radio or TV. Incidentally, they always regarded the influential part of the press as left wing.

[Weyer] Justly?

[Hefty] Yes. Actually, within the authoritative German press it is primarily FAZ, our newspaper, that is not left wing.

[Weyer] But is it not supportive of the ruling party either?

[Hefty] Of course not. But the fact that the outlook and spirit of FAZ is close to the parties that happen to be in power is a mere coincidence, or the outcome of election results. FAZ had been the same when the government was different, and it will remain the same when the government changes once again. And it criticizes the government the same way as anyone else. A noted colleague at the TV, Dieter Gutt, once said that "FAZ is not going to be satisfied with the government as long as it does not become the government."

[Weyer] Compared to what you just said, the things you stated in your presentation and on NAP-TV drew an encouraging picture about the future of the Hungarian press—just so as not to say that you closed your statements with a handsome little "red tail" emulating the most beautiful traditions of the party state—claiming that acquiescence is still to follow.

[Hefty] I am certain in this regard, because that is only a matter of time. It could be a structural flaw, but I am optimistic.

[Weyer] Even if one of the responsible ruling party lead politicians wanted to penalize the press for the past year and a half?

[Hefty] Mr. Csurka is one of those persons who suggests absurdities. But I am more concerned about the fact that elections in the meantime have generated a between seven- and 17-percent voter turnout and had drowned in lack of interest, because this demonstrates that not only that the politics pursued had no success, but also that the press has not scored a success. This is so, even though Hungary is now in perhaps the most promising era of its history—it would be a shame to spoil this as a result of the vanity of individuals.

#### **Representative Leaves MDF, Explains Reasons**

91CH0942F Budapest NEPSZABADSAG in Hungarian  
11 Sep 91 p 4

[Statement by independent Representative Csaba Ilkei: "Only the Voters' Will Counts—Ilkei's Response to Accusations"—first paragraph is NEPSZABADSAG introduction]

[Text] As reported in yesterday's NEPSZABADSAG, the MDF [Hungarian Democratic Forum] Somogy County

Organization called for the resignation of Representative Csaba Ilkei, who recently moved from the MDF faction to a seat assigned to independents. The following is Ilkei's response to the call.

"I took advantage of opportunities afforded to me by law when I changed seats and joined the independents. I did so after not having participated in the MDF faction's work for half a year and because my critical remarks since last November had failed to produce results.

"When several of my fellow representatives decided to take similar action, shrinking MDF organizations and nervous leaders have often argued, falsely reclaiming the mandates of these representatives on grounds that they abandoned their constituents. Yesterday's NEPSZABADSAG report from Nagyatad contained statements to this effect, even though Balazs Horvath, who made the statement, and others should know by now that in this regard there is no difference between a person elected from a slate on the one hand, or from an individual voting district on the other. I would like to remind them of the true reality: Last spring some well-known and popular personalities added their names to MDF slates, to the MDF election program. Much of the program has not materialized, the government did not fulfill its promises, while disappointed voters also expect their representatives to make changes in protecting their interests and enforcing their will, consistent with their changed views and critique. One way in which this change can take place is by changing seats.

"According to Imre Konya's study, which has been made public and which has stirred some domestic political storm: 'The respect in which society holds the MDF is incredibly low... internal cohesion, the factor that holds parties together, is on the decline.'

"I have quit the party, which removed itself from its original program and spirit, because I am unable to pursue politics and manage against the will of disillusioned people in the process of becoming impoverished. I am unable to support the antidemocratic and dictatorial steps, the plans and measures which produce intimidation and fret.

"I hate pious and hypocritical moralizing, the fact that 'those who strangle the faction's throat'—to use Akos Gali's words—conduct disciplinary exercises to discredit people and to retort. To once again use Gali's words: 'As long as Imre Konya and his associates dictate morality and reliability within the MDF,' the method implicit in the position proclaimed by the Nagyatad conference is no secret: 'To render to the public as morally unacceptable members of parliament those who abandoned their constituents.' Some gossip, a little bluff, some groundless accusation or boundless incitement pursuant to the well-known recipe serves well here: Be brave in making slanderous statements, some of it will stick. I usually handle my own legal disputes, I usually hold my footing against those who throw mud at me; but I do not deem provocateurs who ran amok worthy of response.

"The veil has dropped from the 'unofficial' study of intimidation, reckoning and making people fret, the king is naked, but the threat of self-serving party actions have not yet passed. Who knows where the 'hardening' programs will come to a halt if the voting citizen does not awaken on time."

### **MDF Populists, Party Vice President Disagree**

91CH0942E Budapest MAGYAR HIRLAP  
in Hungarian 4 Sep 91 p 3

[Unattributed article: "The MDF Populist-National Group Distances Itself"]

[Text] In a statement issued by the MDF [Hungarian Democratic Forum] populist-national group it distances itself from several statements made by [MDF Vice President] Imre Furmann published in the 26 July and 24 August issues of this newspaper. The populists objected to a statement advocating the joint development of a strategy by the ruling parties and the opposition parties. In the populists' view, all this is reminiscent of the monolithic parliament of the single-party system. This is even more so because there are some pronounced differences between some of today's parties seated in parliament.

### **MDF's Konya Defends Statements Attacking Media**

91CH0940A Budapest MAGYAR HIRLAP  
in Hungarian 7 Sep 91 p 3

[Statement by Imre Konya, Hungarian Democratic Forum faction chief]

[Text] Budapest, 6 Sep—The term "freedom of the press" is not synonymous with the license to misinform.

I am convinced—and I will not change my mind in this regard under any attack—that we must endeavor to achieve a situation in which mass communications inform people in a credible way, consistent with facts. Consequently, I am unable—and unwilling—to change my view in regard to the need to provide information only to those newspapers which truthfully report the news.

This does not constitute a limitation of the freedom of the press; it merely amounts to stand against misinformation, implied meanings, and lies. Commentators chose to publish certain excerpts from my study (and not from my presentation to the MDF faction!) in order to interpret the excerpts arbitrarily. The quoted sentences would have been immune to attack in their original contexts. They quoted that "in theory our governing position provides huge opportunities in the direction of radio and television, in defining their profile and in their total transformation," but they did not quote the following: "All this would be absolutely necessary in order to permit the public to recognize the system change, parliamentarism, democracy, the parties—and among

these the ruling parties in particular—commensurate with their real significance. And further, this would also be necessary to enable people to obtain a true picture of our situation....” (Who could question the opportunities—and the responsibility—implicit in the ruling position, at a time when most of the votes which comprise the two-thirds majority required for the adoption of the pending media law could be cast only by members of the ruling parties?!)

They quoted that I found it necessary to accomplish a “deep-seated change in the political outlook and spirit of the Hungarian Radio and Television,” but they did not quote sentences which made clear that “deep-seated change” did not mean a restoration of censorship, but the neutralizing of ambitions for power hidden behind the watchword “professionalism.”

I consider one part of the coordinated attack against me as particularly vile. As suggested by the opposition press, my several years of struggle for democracy had only been a mask, and once the outside world recognized the purity of our endeavors, I no longer had a need to prove my credentials as a democrat.

This miserable attempt to discredit me reflects only upon those who make the attack; therefore, I am reassured by the certainty that all this is recognized clearly by people pondering the undeniable facts.

The attacks I now field for urging action against misinformation hauntingly remind me of the interpretation of my call for convening the Opposition Roundtable two and a half years ago. At that time I was charged with threatening society with violence even though I was professing a need for peaceful change. I believe that the results produced by the Opposition Roundtable and all my activities thus far have demonstrated the truth.

The outcome will also be the same in this instance.

#### **Discord Within MDF Over Presidential Powers**

91CH0942D Budapest NEPSZABADSAG in Hungarian  
10 Sep 91 p 5

[Interview with Hungarian Democratic Forum representative Kata Beke by Lajos Pogonyi in Budapest on 9 Sep: “Kata Beke Is Sad”—first paragraph is NEPSZABADSAG introduction]

[Text] While parliament recessed yesterday afternoon we asked MDF [Hungarian Democratic Forum] representative Kata Beke about her view of an article by her fellow representative Jozsef Debreczeni published in last Tuesday's [3 Sep] MAGYAR HIRLAP, which included the following statement: “An opposition party politician turned president of the Republic is a ‘foreign body’ in the organism of Hungarian public power, or to use another medical metaphor: a sprain or a strain in Hungarian constitutionality.” We also asked her views about Imre Konya's study.

[Beke] Arpad Goncz is neither a “sprain” nor a “strain.” I think it is very sad that such a thing appeared in a newspaper; actually, I do not understand it. Arpad Goncz's entire career, every manifestation of his commands respect. The president of the Republic stands above all suspicion. I regard as highly regrettable that a public dispute arose between the two highest public authorities regarding various political issues. Hungarian public life is filled with indignities and hatred anyway. I am sad that we have gotten to this point.

[Pogonyi] A working paper distributed by MDF faction leader Imre Konya at his faction's meeting two weeks ago in the Hotel Gellert included the following statement: “The main reason for the antigovernment attitude of the press is the lack of civil courage.” Do you agree with the assertion that there exists a unified press which has nothing to be concerned about expect to make the government fail?

[Beke] Once again I found it very saddening that a sentence like this could have appeared in Imre Konya's study, because I and several of my fellow representatives feel that the press is by far not sufficiently unified to have as its chief purpose to make the government fail.

[Pogonyi] Many people are disturbed by the mention of the Justitia Plan, by threatening with a White Paper and by raising the idea that years spent in independent positions on behalf of movements by pensioners be disregarded in calculating pension payments.

[Beke] One should not generalize. The country needs peace and calm. Even though I did not like party committees either, I wonder what a typist should do who had worked at such a place for years. Not to mention the fact that Imre Pozsgay had been exiled for years to serve as the executive secretary of the Patriotic People's Front, the person who took under his patronage more than one opposition function. The need to do historical justice is a serious matter, one that must not cause uncertainty on a countrywide scale.

[Pogonyi] Apropos Imre Pozsgay! In yesterday's NEPSZABADSAG he stated that the Konya document might be useful for one purpose: It might accelerate the joining together of democratic forces.

[Beke] In the MDF context this means that the Konya study strengthens forces within the MDF which insist on the original ideals and goals of the movement. On the other hand, I disagree with the democratic charter initiated by the SZDSZ [Alliance of Free Democrats], because we have democratic institutions functioning in Hungary and representatives working in parliament are of a democratic mind. Democracy must not be defended outside of parliament!

[Pogonyi] Independent representative Akos Gali, previously a member of your faction, talked about a so-called distinction between “reliable” and “unreliable” representatives within the MDF in his Monday [9 Sep] remarks.



[Beke] I am not willing to think in terms of such distinctions, because the MDF is a democratic party. Akos Gali's cup has just run over, just as Csaba Ilkei's did.

[Pogonyi] Rumors have it that you are planning to join the independent representatives.

[Beke] These are rumors from the corridor. I have yet to give up; I am confident that the MDF can be returned to its original spirit.

### **MDF Internal Group Forms 'Program Platform'**

*91CH0942C Budapest NEPSZABADSAG in Hungarian  
12 Sep 91 pp 1, 5*

[Unattributed article: "Some Welcome It, Others Criticize It: The MDF Program Stirs Up a Storm"]

[Text] People are needed who indicate whenever an organization departs from its original concepts and when passions rather than rational thought prevail, according to Representative Kata Beke at Wednesday's [11 Sep] press conference. She played a significant role in Tuesday's [10 Sep] establishment of a program platform. The platform is opposed to extreme manifestations and to intolerance.

Istvan Balas, who joined in supporting the platform, reminded those present that the basic idea of the platform was linked to the ideals of the "revolting 52." The goal in late February was the improvement of the faction, and the work thus begun represented an emphasis on the Hungarian Democratic Forum's [MDF] original spirit. Vice Chairman Gabriella Farkas told our reporter that she did not quite understand why those who firmly defined the MDF's founding charter called themselves a "platform"; nevertheless, she claimed that one could only welcome the alliance of those who agreed to perform more serious work than before. Variety is the distinguishing feature of the MDF, according to Farkas.

Faction leader Imre Konya declared that he did not regard the new organizing efforts as a challenge aimed at his person. This is not so much a platform as it is a small community; the participants, who cannot be regarded as belonging to any single ideological group, i.e., not even to the national liberal group, feel that work can be performed more easily in this framework.

Conversely, a statement issued to our newspaper by Istvan Csurka strongly criticized those who participated in the platform. Csurka said that the platform found itself in a vacuum immediately following the announcement, because part of its program corresponded verbatim with the MDF program. "And those well-sounding parts meant for the press, which claim to distance themselves from extremes, sounded a bit odd within the faction, because they extremely resembled charges coming from the outside. They contradicted themselves: They demanded a more rapid system change; at the same time, however, they risked to say that society did not

demand that justice be done. They should attend only a single MDF meeting to find out the opposite. A majority of our representatives do not attribute a great deal to the platform, because it is not a real platform, while its external effects are undoubtedly bad. Quite obviously, many would feel that a leak in the MDF ship was developed from the inside."

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Political observers voiced the possibility that clashing of the divergent views might already take place at the next meeting of the MDF Board, because it would be hard to reconcile Beke's and Csurka's points of view, for example.

SZDSZ [Alliance of Free Democrats] Representative Peter Hack was highly sympathetic to the MDF platform statement. In his view the very establishment of the platform proved that the MDF included some who felt about democracy the same way as the SZDSZ did, and who distanced themselves from the Konya study. MSZP [Hungarian Socialist Party] Representative Pal Vastagh stressed that those who wrote the platform expressed opposition to extremist manifestations that intend to exclude groups of society that think differently, and who clearly condemn manipulative political techniques, authoritarianism, and cabinet politics. In FIDESZ [Association of Young Democrats] Representative Janos Ader's view, one reason that explains the establishment of the platform is that for quite some time several MDF representatives have expressed dissatisfaction with the functioning of the ruling coalition—the government as well as the faction.

### **SZDSZ's Bauer, Kis: MDF Endangers Democracy**

*91CH0940B Budapest MAGYAR HIRLAP  
in Hungarian 9 Sep 91 p 8*

[Article by Tamas Bauer and Janos Kis, Alliance of Free Democrats leaders: "In Defense of Hungarian Democracy"]

[Text] The Soviet conservative coup attempt reminded some politicians that advocates of the past system in Hungary also might try to regain power. Referring to Gyula Thurmer's bursts of enthusiasm they made unequivocal hints to the effect that a leftwing dictatorship threatened the young Hungarian democracy. In his customary radio commentary Istvan Csurka regarded all those who had failed to conduct themselves according to the economic and cultural tastes of the MDF-led [Hungarian Democratic Forum] government, and primarily the press, of course, as pro-coup people. Anyone familiar with the situation in Hungary would know that statements of this nature had no foundation. In the Soviet Union conservative communists held on to the posts of the vice president, the prime minister, several ministers, and at the central radio and television, as well as to positions in the upper-echelon military leadership. In Hungary, the only persons capable of believing in the threat of a communist coup are people like Istvan Csurka



and Jozsef Torgyan, who regard everyone, except followers of the MDF or of the Smallholders Party [FKGP], as communists. This kind of thinking serves as a basis for Csurka to talk about dual power, and for Torgyan to claim that reform-communists rule the country.

Would it follow that nothing threatened Hungarian democracy as long as there was no threat of a communist coup? It seems that it would not.

Several statements in recent days aroused the nerves of Hungarian newspaper readers. Jozsef Torgyan was first to declare war against Hungarian constitutionality in recommending, as he put it, the establishment of a coalition body with extraordinary powers to accelerate economic legislation, and amendments to the Constitution to accomplish this. He, of course could not care less that responsibility for the slowness of economic legislation rests not with parliament, but with the government which is late in submitting the legislative proposals and with coalition parties unable to reach agreements. The way dissatisfaction with economic conditions mobilizes people against parliamentarism conjures up the worst legacies of 20th-century history.

Not much later Istvan Csurka and the MDF Bekes County Steering Committee created a scare by attributing the ambiguous character of the system change to sabotage, calling for the persecution of "economic and financial potentates," of the "bureaucratic stratum" and "those dealing with mass communications." But everyone in this country knows what kinds of politicians Csurka and Torgyan are, and the prime minister has always endeavored to make them appear as marginal personalities without any influence on governmental power.

The MDF center, the wing supportive of the government makes a distinction between itself and populism, and usually voices its commitment to parliamentary democracy. But in reviewing the government's activities over a period of more than a year, we now discover a noteworthy trend.

In 1989 and 1990 Hungary embarked on the path of West European constitutional democracy. There has been broad agreement with respect to limiting the governmental power of the parliamentary majority by a judiciary that was independent from the government, the president of the Republic and the multitude of sovereign [as published] local autonomous governments, and not to the least by the independent public protected by the freedom of the press.

Scarcely a few months after the elections it turned out that the MDF had not been satisfied with the ruling power it obtained by winning the elections. As heirs to the previous system the government and its agencies acquired appointment authority at numerous state-owned business, cultural and other institutions, and this enabled the government to pursue personality politics motivated by partisan interests within a far greater range than the upper level of state public services. We might

have already forgotten the spectacular incident when MDF supporters had been appointed to head the National Symphony and the Phonograph Record Manufacturing Enterprise. No one was surprised by the time it was the National Theater's turn nine months later. MDF activists had been appointed not only to head the government's Small Business Office, but also to the chair of the theoretically independent Entrepreneurial Development Foundation, followed by a change in the membership of the Industry Bank. It sufficed to relieve of his duties only one banking industry leader before several other banking leaders rushed to join the MDF. A professional of retirement age who chaired the MDF energy committee had been appointed to head the Hungarian Electrical Works Trust. Plans also call for the appointment of an MDF representative to head the Hungarian Investment Bank, Inc., the state's new property management organization, instead of the originally proposed prestigious expert on business. A new *nomenklatura* is taking shape. Nothing could come as more natural than Jozsef Torgyan's complaint about having only one, rather than three, new state parties. This is why he demands more leadership positions to be allocated to the Smallholders Party not only in the government, but also in banks and top economic functions. Since the government plans to retain for a prolonged period of time a state majority shareholder status in large banks, there will be enough positions to be given to job hunters within the Smallholders Party.

The MDF conducts its most bitter struggle for the possession of the press. This process had already begun prior to the elections through the infamous board: The MDF took control of the television in cooperation with Pozsgay. When the two large parties agreed that the radio and television should be independent from the government, key positions at the television were already held by persons who became baptized in the faith of the MDF.

The attack against the printed press evolved through the State Newspaper Publisher; as a result of this action and based on direct instructions given to banks they succeeded step by step in rendering MAGYAR NEMZET, a newspaper which had seen better days, dependent on the government, and in acquiring another newspaper supportive of the administration. They annexed HETI MAGYARORSZAG, and they are about to discontinue the opposition weekly VILAG. The latest acquisition, PEST MEGYEI HIRLAP, only amounts to the icing on the cake.

MDF representatives Jozsef Debreczeni or Ferenc Kulin—regarded as liberals—have said more than once that they regarded as natural that a minister would select his associates (and they regarded the head of every state-owned business and cultural institution as associates of the minister). In their view it also came as equally natural that the ruling party endeavored to exercise power over the press. They are unaware of, or uninterested in, the fact that control exercised over every aspect of society's life by any party which acquires a ruling position as a result of being elected, conflicts with all

kinds of liberal thought. They do not know, or they are not interested in, the fact that in liberal democracies those who win the elections only acquire governmental power, while respecting the independence of the economy, culture, education, and the press.

The division of labor is clear: Istvan Csurka is agitating against economic and financial potentates and journalists opposed to the government. At the same time, however, Jozsef Antall and his associates methodically plant their own followers and persons committed to them in various leadership positions. A new *nomenklatura*, a new democratic centralism, a new state party, and through that a new party is in the making. Those who learned how to play the political game in the Kadar system, and not in the underworld, would know that in addition to the *nomenklatura* and the army of committed clients one also had to have ideological hegemony in order to solidify the governing party's rule. They intend to elevate religion and nationalism somewhat tainted with the hatred of aliens to the rank of a state ideology. They are establishing institutional relationships between the churches and the state, and they are trying to enforce a new monolithic ideology in schools.

This is so because the yardstick by which the democratic commitment of any political force can be measured is not whether a political force acquired power as a result of elections, but whether it also is prepared to lose such power as a result of elections. We could think that this would become evident only in the course of new elections. Well, not quite. As we all know, ever since the ruling coalition lost the local elections, it does everything it can to deprive autonomous local governments with an opposition majority of their powers, including money and jurisdiction.

The day after last year's elections Jozsef Antall declared that the campaign for the next elections had already begun. He might have thought at the time that he could retain voter confidence as a result of economic successes. By now he could hardly imagine a thing like that. He is trying to pursue other ways by creating a situation in which the new state party controls all positions—from banks to newspaper editorial offices, from theaters to large enterprises—which in western democracies are independent from politics, thus rendering hopeless for anyone to present an opposition alternative. The Kadar era's well-known soft dictatorship will have been restored if this effort succeeds. Functionaries have hardly any difficulty in readapting themselves to conditions of dependence that have remained unchanged, except for the change in colors. The Antall system of a different color, but of a style hauntingly reminiscent of the Kadar system, is acquiring permanence.

To accomplish this, an end must also be put to the real separation of powers. This is why they attacked the Constitutional Court before and the president of the Republic now, and this is why they are preparing to review the corps of judges and prosecutors.

This is how far we got in our thought process when the secret notes Imre Konya had prepared for the faction meeting appeared. This text states what could only have been known before by drawing conclusions: The MDF leadership strove from the outset to exchange the MSZMP's [Hungarian Socialist Workers Party] party state for an MDF party state, and not for a constitutionally limited majority rule along the European pattern. Imre Konya says the same thing at a closed meeting as what Istvan Csurka advocates openly. The Konya report also reveals that the MDF's relative self-restraint has served the same purpose as Kadar's relative laxity: to win and to preserve the confidence of the West. Now that no one can question the government's commitment to democracy, the intentions bashfully covered thus far may also be realized, they claim.

But the Konya text also made public something else. In discussing the election results in public, Konya always described the situation as if a majority of the country stood behind government policies. Similar to the Bekes [County chapter] of the MDF, they describe themselves as "a handful of Hungarians resolved to reorganize society and to rescue the nation" and as supporters of the government, and acknowledge that they are not certain whether a majority of society sympathizes with the idea of doing justice, i.e., with changing the elite in a manner akin to a purge. Yet the MDF wants to conduct such a purge because that is consistent with its philosophy.

This is only one step removed from the thinking and conduct of an advance guard fighting in a besieged castle—a scenario well known in a different context. Interior Minister Boross's vague hints at "those who dream about rising against us" and at "extremist forces which endanger public order in part with organized demonstrations and in part with other initiatives" indicate that not even the subsequent step is entirely alien to the government. Anyone who feels as certain as the MDF leaders about their and only their calling to govern the country may also be inclined to adopt a harsher variety of dictatorship.

But there is one hitch to this matter. The functioning of Kadar's soft dictatorship was based on economic growth, a rising standard of living, employment, and secure social welfare provisions. In 1988 and 1989 the MSZMP leaders had acquiesced in sharing power and in 1990 in surrendering power because they clearly recognized that the opportunity for a soft dictatorship had ceased to exist, and because they had neither strength nor international support to pursue hard dictatorship. Amid the grave social conflicts that may be expected in the upcoming years one cannot expect to see a functioning soft dictatorship regardless of whether such dictatorship is red or red, white, and green. At the same time there is no place in Europe for hardcore dictatorship. It then follows that a regime which is being expelled from Europe cannot be long lived.

But one should also be aware of the fact that a solid democracy cannot be built on the idea that establishing a

dictatorship would run into grave economic and social difficulties. Democracy can be defended only through determined political action. Today there appears to be no force capable of accomplishing this. The opposition parties are divided. The prestige of the Alliance of Free Democrats [SZDSZ] is weakening. The MSZP [Hungarian Socialist Party] still carries the burden of its past. The popular FIDESZ [Association of Young Democrats] hardly has any organizational units; its leaders are hardly inclined to take seriously the dictatorial endeavors of the MDF government.

The liberal intelligentsia, which made such great efforts during the late Kadar era in periodicals, clubs, and other public places to prepare for the transformation, split in half at the moment of system change and has not recovered since from the consequences of this schism. Some members of the liberal intelligentsia were absorbed by the opposition parties; others, who were left out, turned away from politics with a sour face. The insiders occasionally do not see beyond parliament, while the idea of rejecting parliament and the entire new political edifice is spreading among the outsiders. Intellectuals prefer to discover a difference in name only between the parties, as if the SZDSZ and the MDF would not represent competing values or two different kinds of Hungarians.

In the background we find the oft-mentioned political apathy of Hungarian society, which, contrary to public belief, did not have its beginnings in the summer of 1990, and which, aside from some temporary bursts of enthusiasm, has continued uninterrupted for decades. Society does not support the government, nor does it manifest inclinations to support the opposition. Its dissatisfaction is aimed at the multiparty system, not at the ruling parties. The erosion of state prestige, which began in the 1980's, continues.

This phenomenon can be explained by a wornout commonplace statement. This statement holds that the majority not involved in politics turns its back to the opposition because the opposition does not deal with the real problems of people. We believe this view to be mistaken. In reality the cause and effect exists in the reverse: The majority does not recognize the great opposition efforts to protect the interests of millions of people experiencing crisis because—due to a lack of active social support—opposition initiatives do not carry a real weight as a result of the numerical majority of the ruling parties.

It also is true that in order to preserve their popularity liberal parties consistently refrain from demanding things they themselves could not fulfill, even if they were to acquire a ruling position on the following day. It is not true, on the other hand, that the parliamentary opposition does not represent the interests of wage earners, the unemployed, pensioners, and in general, the interests of the poor or gradually impoverished strata. We will mention the fact that, for example, in the 1991 debate

over the budget the SZDSZ made an itemized presentation of how 40 billion forints could be reallocated for social welfare purposes by reducing state and state administrative expenditures. But parliamentary initiatives like this could acquire weight only if people recognized that it was worthwhile to support the SZDSZ even if it was certain that the SZDSZ would be defeated by opposing votes cast by the ruling majority.

Short of active social support every opposition proposal that failed to carry remained only "words, words, and words." Thus, all the dissatisfied public sees is that the opposition talks and does nothing.

We must recognize the fact that circumstances are not overly favorable for rallying a real force to counter the MDF's administrative and economic strength, in defense of democracy. It does not follow from this statement, however, that we should or might wait until these distortions were automatically transcended by development, when our grandchildren became adults, perhaps.

Our most urgent task might be to transcend the schism of the liberal intelligentsia. We do not have in mind here that members of the intelligentsia active in parties retreat to resume their roles played prior to the evolution of the parties or that members of the intelligentsia who removed themselves from direct involvement in politics join parties. Foremost of all we must objectively recognize that if there is indeed going to be a multiparty system, this division of labor must also exist in the future. A division of labor also represents mutual dependence, however. Members of the intelligentsia active within the parties must come to realize that they are talking under a glass dome as long as they do not have the support of the independent intelligentsia, which formulates public opinion. Members of the intelligentsia outside the parties must come to recognize that the political struggle also involves their fate, and that they do not preserve their independence by repeatedly claiming that one party amounts to six, and the other to half a dozen. Instead of proving one's decision made two or three years ago by chewing out the other side, an understanding should be reached regarding the fundamental political values we all can support in the framework of the functions each and every one of us perform.

The Baron Munchausen pulled himself out of the swamp by grabbing his own hair. There are certain moments in political history when attempts may be made to repeat Munchausen's act. The present moment may be one of these. The unprecedented attack on the president of the Republic and the publicity Konya's writing obtained may shake up the advocates of freedom.

Those who thus far thought that democracy required no protection from the MDF government might realize that the footholds of democracy in Hungary were by far not solid. Those who turned their backs with a sour face to parliament and to the parties might realize that they too would lose a lot with the fiasco of the constitutional

democracy. They may recognize the need for all who side with freedom not only against communists, but also against every kind of autocratic rule, to join together in defense of democracy.

### **FIDESZ Leader Questions Budget Overruns**

*91CH0942A Budapest MAGYAR HIRLAP  
in Hungarian 5 Sep 91 p 3*

[Article by F.A.: "Viktor Orban's Letter to Defense Minister Lajos Fur: What Caused the Defense Ministry Surplus?"]

[Text] FIDESZ [Association of Young Democrats] believes that from the standpoint of acquiring a more sophisticated Hungarian political culture it would be very important for the press take very seriously the budget performance report, because this is a decisive issue in every democracy, according to Viktor Orban in the course of parliamentary debate over the 1990 budget performance report, which began on Tuesday [3 Sep].

The FIDESZ faction leader recognized the fact that last year's budget was not prepared by the Antall government but by the Nemeth government instead, and that its structure was rather loose, as stated in the State Accounting Office [ASZ] report. Accordingly, the soft perimeters would have enabled the government that has been in power since last May to produce better results with the budget than it actually did. Orban regarded a lack of information concerning the timely payment of certain expenditures as a grave deficiency in the closing report. It would be very important to know dates on which payments had been made because these payments greatly influenced the way the total deficit took shape. Unless these dates are known, the closing balance in the report does not reveal the composition of the year-end deficit and does not show how much of it can be credited to subsequent payments, according to the FIDESZ faction leader. Another matter he regarded as an important deficiency was a lack of explanation for the handling of surpluses. In previous years it had been customary to return leftover funds at the various ministries—unexpended appropriations ["revenue surplus"]—to the general fund managed by the Finance Ministry, but this practice has been discontinued, Orban explained. As a result of this, one is unable to track the excess funds ["surpluses incurred"] by individual ministries. The FIDESZ faction leader felt strongly about a need to inform representatives concerning the fate of an 8.8-billion-forint surplus at the Ministry of Defense. The revenues of the armed forces appear as a combined, single figure in the report because as part of the 12.2 billion forints, the 8.8-billion-forint Defense Ministry surplus, the evolution of which is unknown to parliament, is less noticeable. FIDESZ had been informed of certain financial abuses related to the Defense Ministry budget, therefore the party wrote to Defense Minister Lajos Fur requesting details concerning the Defense Ministry budget performance, i.e., a copy of the 150 page "ministry report" submitted to the Finance Ministry for

final accounting purposes, the FIDESZ politician said. FIDESZ has begun seeking information in this regard, particularly because in its view it was not clear whether proceeds from the sale of state owned housing units managed by the Ministry of Defense appeared as revenues in the budget or if they were consumed.

Orban regarded the fact that the finance minister exceeded the full year's fund allocation by 15.9 billion forints, an amount greater than the permissible 1-percent excess—6.2 billion forints in this instance—as a violation of rules.

In conclusion, the faction leader noted that it appeared to him that the Hungarian press did not sense the importance of the country's closing budget performance report; this unawareness is indicated by the brevity of news reports published in this regard. For this reason Orban thought that it would be important if newspapers reported not only about the preparation of the new budget but also about the closing budget performance report.

### **Constitutional Court Reviews Presidential Power**

*91CH0942B Budapest NEPSZABADSAG in Hungarian  
10 Sep 91 p 1*

[Unattributed article: "Gonczi Submitted His Views in Writing; Presidential Power Before the Constitutional Court"]

[Text] As proposed by the defense minister, at its plenary session yesterday [9 Sep] the Constitutional Court continued interpreting individual constitutional provisions concerning the powers of the president of the Republic. Despite his constitutional right to do so, Arpad Goncz did not take part in the morning session. Thus, in the absence of invited persons, the justices continued to confer in closed, plenary session.

Discussion of the defense minister's submission was the sole item on the Constitutional Court agenda for Monday [9 Sep]. In other words, the court decided to deal separately with the two proposals submitted by different ministers, and in this instance it did not deal with issues raised by the minister of justice concerning the inviolability of the head of state.

National Assembly President Gyorgy Szabad spoke at the morning session, and Justice Minister Istvan Balsai and Defense Minister Lajos Fur expressed their views on behalf of the cabinet. Supreme Prosecutor Kalman Gyorgyi also expressed his opinion. Arpad Goncz did not participate, however. As indicated by the press office of the president of the Republic, Goncz's decision not to participate was to prevent him from influencing with his presence the pending case.

The Constitutional Court learned about Goncz's written position concerning the matter on Monday. In it the president of the Republic advanced a legal argument that held that the legislature—the National Assembly—had



primary jurisdiction in resolving conflicts between the head of state and the government. This issue could obviously be resolved in the framework of the new constitution. And until that happened, the appropriate constitutional practice should be resolved in the form of agreements between the president of the Republic and the head of government, based on common law. Competent legal authorities said that this view suggested a strict construction of constitutions that prevailed at any given point in time. Accordingly, it would not be desirable if the Constitutional Court adopted a rule which did not flow directly from the Constitution in force, or if it announced a possible detailed rule. Parliament has appropriate powers to expand interpretations.

At the same time, the resultant concept divides into two parts the president's appointing authority. The head of state would exercise substantive appointing authority if the appointment did not pertain to a state administrative office or if it did not fall completely under the authority of the government. In other words, in regard to the national media and the armed forces the president of the Republic could indeed provide substantive review of proposed appointments. Regarding these issues the president of the Republic and the prime minister would, by all means, have to reach a consensus.

We were informed that in his presentation during the morning session the defense minister said that his sole purpose was to obtain an unequivocal interpretation regarding the substantive meaning of the Constitution and of the National Defense Law concerning the direction of the Honved Forces. It had been presumed that Fur also wanted to learn about the means to be used in exercising certain authorities, and in general, about the respective roles to be played and authorities to be exercised in the course of directing the Honved Forces. He wanted to know the respective types of authorities the president of the Republic, the parliament, the government, and the minister of defense were to exercise.

The background of this case also may include the fact that the minister is dissatisfied with the present situation in which he does not have the final word in filling key military posts—in appointing generals and relieving them from duty. It is known that in the minister's view the present structure (minister of defense—commander of the Honved Forces—the staff of the chief of staff) is overly complicated, and that he would find it more useful to have a chief of staff and a staff attached to the chief of staff functioning under the direction of the ministry.

We learned that additional sessions have been scheduled following yesterday's closed plenary session, i.e., that one must wait for the Constitutional Court decision which is of interest to and preoccupies many.

**Social Security Health Care Costs Underestimated**  
*91CH0941C Budapest NEPSZABADSAG in Hungarian*  
*22 Aug 91 p 6*

[Article by Sandor Rege: "Money-Guzzling Health Care"]

[Text] As mandated by the National Assembly, the Social Security Administration [TB] had assumed responsibility for health care financing in 1990, for the first time in its history. Originally, plans called for a 58-billion-forint outlay, but the projected level had to be adjusted several times during the year, bringing the total amount of 1990 expenditures above the 67-billion-forint mark by the end of the year.

The State Accounting Office [ASZ] performed an audit of the TB Chief Directorate's [OTF] finances because this also was a first instance for the financing of both therapeutic and preventive medical services. To reiterate for the record: The TB acquired health care financing responsibilities as a result of exchanging resources, i.e., the financing of family supplemental benefits previously under TB authority became an appropriated state budget fund, while health care financing had been turned over to the TB. Concerned about a runaway state budget, many experts opposed the switching of resources and the related health care financing method in hearings before the social welfare committee of the previous National Assembly. In addition, prior to 1990 the OTF did not have adequate staff to handle health care financing, therefore a staff had to be assembled on short notice. One of ASZ's most important findings was that the OTF did not succeed in resolving every aspect of financing, and that the division in charge of health care financing took a long time to learn how to perform the function. Even worse: No effective mechanism to control the function existed, and, unfortunately, no changes were made in planning the financing function.

The financing of therapeutic and preventive health care provisions consumed 19.2 percent of all social security revenues. This amounted to 67.7 billion forints. It should be noted that in previous years, under state budget funding, health care costs amounted to roughly 50 billion forints altogether. This change also suggests a dynamic growth of health care costs, and thus the decision to mechanically transfer the related financing responsibility appears to have been unfortunate. In the present, advanced stage of TB reform it has become apparent that only a new health care delivery system based on insurance principles could save the TB from financial bankruptcy.

In earlier days, the funding of developmental projects and investments had been one of the most shaky aspects of health care financing. This situation has not changed after the switching of resources. Within these developmental and investment projects, support for professional programs and competitive instrumentation and information systems development projects were specifically designated purposes to be financed from the TB fund.



The ASZ audit found the greatest uncertainty in this regard. More than 800 million forints had been expended for these purposes in 1990, but the division in charge of financing sought the views of competent professional health care colleges in only a very few instances. Although calls for competitive bids had been issued with respect to 17 topics, only 105.7 million forints were allocated for these. A far-greater amount had been expended for the procurement of machinery and instruments not subject to competition, without seeking comments from competent professional groups.

A quick glance at the OTF's 1991 projections reveals that the total amount of money to be expended for health care exceeds 88 billion forints. In analyzing certain elements and details of the OTF budget the ASZ audit found that the budgeting effort could not be regarded as adequate even in the framework of the new arrangement, because base expenditure projections once again served as the foundation for the budget, adjusted by automatic wage increases. At the same time, the management of health care financing also included some new, forward-looking elements, such as the enabling of OTF to use health care funds to support experimental performance-based health care financing projects, and the opportunity to reimburse nonstate health care providers for health care costs, in addition to the traditional group of institutions.

During the first four months of the year a strong growth in the number of entrepreneurial health care ventures has occurred, and the OTF itself had been approached by various enterprises and foundations seeking support. The exact number of such organizations is not known and no record of such contacts exists. In principle, the OTF could accept any kind of request; however, conditions for dealing with such requests have not been established. The situation could, sooner or later, become unmanageable in the absence of such conditions.

Finally, we noticed a rather pointed statement in the ASZ audit report, according to which the OTF had not established a system to control the utilization of health care financing resources as of the end of April, when ASZ concluded its audit.

#### **Former Soviet Barracks Called 'Uninhabitable'**

*91CH0941B Budapest NEPSZABADSAG in Hungarian  
11 Sep 91 p 8*

[Article by Janos Czingraber including interview with Urban Development Office Chief Zoltan Csermak; place and date not given: "The Former Soviet Barracks Were Empty—Expensive and Uninhabitable Apartments"]

[Text] The former military base occupies more than 41 hectares of land inside the boundaries of Veszprem. It is surrounded by a fence that could be regarded as a masterpiece. The area looks relatively well organized from the outside and, most important, it holds more than 300 vacant apartments in a city with 4,000 pending housing applications. Eight-hundred of these had been filed by families in urgent need. The Soviets departed

this place in May 1990. These buildings have already been vacant for one winter, and the several thousand needy believe that they would remain vacant for yet another winter.

Erzsebet Szeivolt, head of the mayor's property management office, says that "whoever requests an apartment begins by saying that we should provide them with shelter in the former Soviet barracks, but this issue has also been raised in the proceedings of all other bodies. And the people do not want to hear our explanation."

#### **No Public Utilities**

The explanation is noteworthy. Urban Development Office Chief Zoltan Csermak, one of the persons in charge of this project, placed a huge drawing on the table:

"We have completed our plans for the area—the way it would become part of the city—to enable us to begin work as soon as the opportunity arises. But there is no opportunity to do so for now. The Treasury Property Management Organization owns this place. They do not appear to regard this matter as urgent and we are helpless."

Anyone who has seen at least pictures of Soviet barracks need not be told that at the minimum some doubt exists concerning the feasibility of making use of these seemingly organized buildings. In Veszprem, for instance, 150 of these apartments had originated from a manufactured housing plant in Kiev whose standards are unacceptable in Hungary. No one is willing to assume responsibility for their structural condition and their ability to withstand earthquakes: These buildings must be demolished, professionals claim. The physical condition of apartments built of Hungarian-made prefabricated units is somewhat better. Electrical current is provided by two single strands of wire with no grounding, new water and sewage must be installed everywhere, wallpaper remnants must be scraped off, insulation must be installed, and in some instances doors and windows must be exchanged. In general, these block buildings could be regarded as structurally complete slab buildings finished to an extent of 50 to 60 percent.

"Not even this would matter if public utilities in the area were in good condition. Our troubles begin with the need to rebuild all water, sewage, heating, and electrical systems on these 42 hectares. The estimated cost of this work is 130 million forints," Csermak said. "The city is unable to provide these funds; on the other hand, no building can be put to use without basic public utilities."

#### **Polluted Grounds**

Not even the availability of the 130 million forints would help at the moment. The amount to be charged against the Veszprem barracks will be decided at the Hungarian-Soviet negotiations. The Soviets demand more than 250 million forints while the Hungarians talk about 132 million forints, but the state budget expects to collect even greater revenues.

[Czingraber] And would the future residents have to pay for this?

[Csermak] Who else? The local government is at the brink of bankruptcy. The only possible solution would be to obtain permission to lease the vacant areas to entrepreneurs even during the negotiations. We could use the resultant revenues to begin constructing utilities which could then become the source of additional revenues to be accounted for later. But the property management organization does not even want to hear of this.

The situation has been made even more difficult by the fact that the Martech firm began cleaning the oil-polluted soil, as reported earlier. They spread the excavated soil, left it there, and no one knows when they plan to return to Veszprem, if ever. Similarly, city management was not told of the extent of environmental damage, and whether the area could be used at all.

Erzsebet Szeivolt said that according to their calculations a 15,000 forint per square meter price seemed to be realistic based on the 60-percent technical value, but the construction of outside public utilities represented a 2,000-forint-per-square-meter cost for each and every square meter, thus leaving only 13,000 forints of the price to the city.

[Czingraber] And to whom would you assign the apartments?

[Szeivolt] Whoever agreed to move out of apartments that had been assigned to them by the city council; these people could use moneys received from surrendering their present apartments plus some of their own money if they were able to cough up such money. Unfortunately, present rules do not permit us to provide any kind of benefit or social welfare assistance. A nationwide loan program should be established, but even then, tenants would have to work hard to fix up their apartments.

#### **They Would Like To Live in a Place**

One could continue at length listing the kinds of expenses that burden the barracks and the future tenants or owners, while the possibility of making use of the barracks looks increasingly hopeless. An official who asked to remain anonymous said that the city should not take over these facilities because it would only assume responsibilities with no opportunity to provide adequate housing.

At the same time, those squeezed into subleased apartments, their parents' homes, or into emergency shelters look at the residential buildings across the fence with wishful eyes. Those who would like to live in a place.

#### **Aid Program Planned for Fifty Thousand Homeless**

*91CH0941A Budapest NEPSZABADSAG in Hungarian 13 Sep 91 p 5*

[Article by Kalman Soos: "Fifteen Million Forints for the Homeless; 50,000 People Without Apartments"]

[Text] This fund will first be used to provide assistance to the homeless of Budapest and alleviate the daily concerns of people who live in nonresidential buildings. These people number 50,000 on a countrywide basis.

Based on a 2-percent sample analyzed thus far, the statistical data yielded by the 1990 Census suggests that 25,000 nonresidential housing units are occupied by people. This covers a broad scale of facilities, ranging from caves to railroad stations, and from abandoned buses to barracks and laundry rooms. This figure may appear as extremely small in comparison to the 3.5 million existing residential housing units, but the fact that 10 years earlier the 1980 Census accounted for only 10,000 such nonresidential "residences" in the country is both noteworthy and regrettable.

KSH [Central Statistics Office] Division Chief Ferenc Gratzl said that accurate data would not be available until next year. Using the Number 2 statistical multiplier, the 1990 sample shows 50,000 persons instead of the previous 20,000, but even Gratzl regards this increase as overstated.

From the standpoint of social welfare even a single person forced to use a telephone booth as his residence is one too many. Professionals are developing a nationwide aid program for this reason. It requires special organizing efforts because most homeless and "tubicolous" persons have no permanent home addresses.

"Present social welfare provisions are tied to permanent addresses, therefore state assistance programs do not reach people who live in nonresidential facilities, or reach them only with difficulty," said Zoltan Lakner, Ministry of Public Welfare deputy state secretary. "The autonomous local government of Budapest was first to enter into an agreement with us and 15 million forints will be transferred for these purposes within a few days. The local social welfare service centers—including the already functioning six service centers located on streets—will be able to assess the number of needy; their fund allocations must also be based on known local conditions. We are in the process of reconciling our views with the Finance Ministry; it appears that we will also be able to proceed outside of Budapest."

Special Service Division Chief Istvan Markusz from the Lord Mayor's office tempered the enthusiasm, "We have not yet received a penny. We have indeed received a grant of 15 million forints to be disbursed immediately, but we plan to make it last until Christmas. Five officials have been assigned to our Karoly Boulevard office to perform this function. We have made preparations, but for the time being are unable to provide money."

**Prospects of Political Parties, Programs Viewed***92EP0015A Warsaw SENS in Polish Jun-Jul 91 p 26*

[Article by Andrzej Lapkiewicz: "Waiting for One's Party"]

[Text] The party system in Poland is in a growth stage. The election law will exert an important influence on its stability, provided that it is not changed prior to each election and adjusted according to the needs of the current reigning forces. Above all, however, the existing divisions in Polish society will determine the shape of the party system. Its further differentiation will favor the existence of many mutually competing parties reflecting the interests of particular groups.

**Unjustified Optimism**

The formation of the party system is beginning practically from scratch. Today it only remains for us to regret that the development of the system based on the principles of party competition during the Second Republic was broken for such a long time. It is also necessary to remember that the attempt to recreate the parties functioning during that period has not been accepted by society. They are condemned to sitting on the couch just as the programs they promote have become mired in a brief episode in the fate of the nation. The attempt to arouse the political thought of the interwar period has not been accepted by society, especially the younger generations of Poles. The inability to solve current problems with patterns borrowed from the past only deepens social apathy. There is indifference toward the idea of rebuilding parties whose genesis reaching to the turn of the century derives from, among other things, the fact that they were ideological parties. The results of the elections will be determined by pragmatic considerations. One can expect that, for example, the liberals in spite of their doctrine will demonstrate the need for far-reaching state intervention. May the election promises be kept.

The aversion to the "historical" parties opens prospects for new organizations. Solidarity attempted to exploit this opportunity by initiating the formation of a party system based on the domination of two parties. The division at the top caused by the supporters of L. Walesa and T. Mazowiecki recalled to life the American experience of a previous epoch. There, during the discussion on the proposed constitution (ratified in 1787), two groups developed: the supporters of a strong central government and supporters of the idea of democracy and state independence. That division bore fruit in the formation of a system of two dominating parties (the Republican Party can be considered the continuation of the Federalist idea). In Poland, such a division of social sympathies was not possible because not political criteria, but social criteria will determine the shape of the party system. A system of two dominating parties can exist in a society in which sharp differences between its groups have been lessened. In Poland, a superficial glance is enough to notice the existence of a foundation

for more than two parties. Just the farmers' situation suffices for this. The different character of agriculture here than in the West for many years will support the existence of a social base for a peasant party.

Today the two main groups that grew out of Solidarity will have to fight for their continuing existence with other forces aspiring to take over power. The Democratic Union (UD) has built its program around slogans of democracy, pluralism, and the idea of evolutionary actions to promote a modern political and economic system. These elements of the program make it possible to distinguish it from the "revolutionary" forces soaked in the spirit of acceleration. The slogans of these groups, however, do not answer to the basic problems worrying society and, thus, do not measure up to social expectations. Moreover, the Democratic Union will remain a party which in society's view will be connected with Balcerowicz's restrictive economic policy.

The Center Accord, the other post-Solidarity group, also does not measure up to society's expectations. Instead of constructing a coherent election program, it is attempting to shock people with the idea of decommunization. The phrase Christian democracy itself does not suffice. If religious beliefs determined party membership, then a system with a single dominant party could develop. Meanwhile, society's religious uniformity has caused the religious factor to play practically no role in the construction of a party. Nearly all the parties are publicizing their attachment to a system of values that developed on a Christian ground and to the elements of the Christian democratic doctrine. A party's popularity, including that of the Christian democratic ones, will depend on the presence of a pragmatic factor of concrete references to economic, social, and political questions in their programs. A Catholic who is also unemployed will choose a Christian democratic party only if there is some hope its government will liquidate unemployment and create new jobs. If not, then in spite of his religious convictions, he will turn toward a party that emphasizes social issues.

No party that seriously thinks about its electoral chances can avoid the social aspect. When social orders are changing as they are doing now in Poland, social conflicts will appear in a particularly sharp fashion. The number of social groups dissatisfied with the effects of the transformations will increase. The pauperization of workers, farmers, and the intellectuals will deepen. The relation of a party to the problems of living will determine electoral support. For example, further support of a part of the political elite for privatization will only lead to a division of the people into a minority directly interested in that process and a decidedly opposed majority. Such politicians can count, above all, on the votes of that minority in an election. On the basis of many facts, one can venture the statement that the current leadership of many political organizations has lost contact with society. It does not know how society is living or what it expects. The survey conducted among the members of the Citizens' Committees that GAZETA

WYBORCZA (No. 95/B) published can serve as an illustration. The responses of the 119 delegates show that the most important problem for 40 percent of them is the existence of *nomenklatura* partnerships; for 19.5 percent, the decline in production; for only 7.5 percent, unemployment; for 5 percent, the decline in the standard of living and strikes. One should wish them much self-satisfaction.

In the current situation, the proposals of a social democratic party could be attractive for society. The question is only which one. For no such party has formed as yet in Poland. It will be very difficult, even impossible, for the Social Democracy of the Republic of Poland to gain credibility in Poland. Its electorate, in spite of significant range, is limited by the barrier of aversion to the order of real socialism. The remaining parties of the social-democratic type are not offensive enough, and since they are splintered, they do not constitute an alternative for society. The populist forces are exploiting the gap.

#### A Need for a New Political Culture

The sociopolitical background out of which the parties in Poland are developing will condemn us to the existence of many sharply defined organizations. This fact alone in itself should not cause sorrow. After all, it is a symptom of human activity in public affairs. Only a situation in which too many of the existing parties would have comparable support in society can arouse concern. That would lead to a fragmenting of forces in parliament and prevent the formation of enduring governing coalitions. That danger can be reduced by the adoption of an election law with a threshold clause. It, however, will not completely do the job in Poland if the current law is adopted. Drawing on German experiences, we should also make use of the practice of the joint calculation of votes for tickets with the results in the single-member districts. The lack of this dependence will cause the Polish parliament to contain many "free riders" who will be able over time to create a new configuration. Thus, they will threaten the position of the parties who exceed the threshold barrier.

The fragmentation of forces in parliament will force the political parties to form a coalition awakening doubt about whether they will be able to work together if an atmosphere of anger and hate develops during the election campaign. Nothing indicates that during these elections different political manners will be in effect. Meanwhile, a prerequisite for an effectively operating political system is that all the parties observe the rules of the game. This means that regardless of differences the principle of respect for your partner, of not questioning his right to take action, must be observed. Each legal party using the permitted means of battle has a moral right to participate in the election game. Questioning this right threatens to destroy the principles of democracy. The principle of party competition can only be limited when the actions of a particular organization threaten the use of extra-constitutional methods to gain power. In Polish society, an attempt to discredit any party, and as

a consequence the rights of people to a free election, will have an effect opposite to the one intended.

I fear that a situation will develop in which the governing forces will put forward the position that yielding power to an organization not associated with the reigning camp will threaten the national interests. There is no shortage of arguments. The relief awarded Poland by the Western countries was given under many conditions, including continuing the current restrictive economic policy. That could contribute to the appearance of the argument that the rich Western uncle will not accept a change in government in Poland. The PZPR [Polish United Workers Party] took such a position for years and threatened society with the consequences of the anger of the Eastern brother. We know the results.

#### Commentary on Christian Democratic Parties

92EP0015B Warsaw SENS in Polish Jun-Jul 91 p 23

[Article by Jan Jozef Cegla: "Christian Democracy Without Christian Democrats"]

[Text] Whatever one may say, in at least one area the results of the famous "acceleration" are very visible, even spectacular. In a short time, more than 100 political parties have been formed in the Republic of Poland. In the vast majority of cases, the word "party" should be taken with a grain of salt or, even better, with two grains.

I have some doubts whether the "accelerators" were interested first and foremost in this area, especially since everything indicates that it is and will remain the only result of acceleration. Although J. Kaczynski in an interview for POLITYKA (we should properly appreciate the senator's automasochistic gesture) says that "acceleration is only now beginning." Either the leader of the Center Accord (PC) is "casting spells" or it only remains for us to count on the next sign of God's mercy.

Among the more than 100 political groups that make up the phenomenon of Polish political plankton (PPP), at least one-third describe themselves as Christian democratic. For now this Christian democracy consists of putting the adjective "Christian" in their name in a suitable combination with other equally beautiful words.

This task usually absorbs all the intellectual resources of the entire "party" membership, who could fit on one sofa. In such a situation asking about its program or other "identifiers" would not only be a lack of tact, but even something foreign to the Christian spirit, kicking a man when he is down. Excuse me, sitting down (on a sofa).

The phenomenon of an extraordinary political need for the adjective "Christian" can easily be explained. Thus, in a grand gesture of generosity, assuming that all the leaders and activists of the several dozen "parties" have pure "Christian democratic" intentions and also convictions, there is no way to overlook other, not necessarily second-order motives.



The first is the conviction that in a country in which 95 percent of the citizens consider themselves Christian, there must be many candidates for organized party Christian democrats. Numerous enough to at least fill the chairs next to the "party sofas," which the leaders have occupied and who for now are the entire "party," although there is space on many of their sofas.

The second motive can be reduced to the search for credibility. The Christian marker used in the name is to prove that the party is proper and wants to base itself only on decent people. More, the adjective "Christian" suggests a guarantee of the highest moral quality, of a high ethical standard. The most recent, clearest example of the operation of this motive are the noisy "christenings" of the Center Accord.

The third motive for the popularity of the term "Christian democracy" are difficult to hide, for they are the all-too-wanton and in essence "pagan" political ambitions of many, including otherwise worthy, well-deserving activists. Let us note: If one of the reasonably well-known politicians feels himself a Christian democrat or experiences a Christian democratic "illumination," then instead of choosing one of the 40 "Christian democratic parties" and joining it, he forms another. Obviously better than those already existing, the very best. The one who has yielded to this motive fights in a dramatic way with the Christian postulates of humility, reserve, and submissiveness.

Professor Stomma (it is hard to find a more authoritative and credible person in this subject!), in commenting on the explosion of "Christian democratic parties" in the Third Republic of Poland said that using the Christian shield in Poland is particularly unfair because nearly all of society is Catholic. On the other hand, in the professor's opinion, the social teachings of the Catholic Church, to which all the contemporary Polish Christian democrats refer in unison, is a collection of general principles and premises, thus identifying that teaching with the party program; appropriating it is an unauthorized simplification and mystification. Is it not symptomatic that politicians (Turowicz, Mazowiecki, Stomma) who have for decades courageously represented Christian values in Polish public life and followed the inspirations of the social teachings of the church today are explicitly distancing themselves from the practice of discounting the Christian marker for reaching immediate political goals? Such a position is the next confirmation of the great moral and political stature of these and a few, very few other activists.

The reaction of society to the political offers of the pleiad of contemporary Polish Christian democrats—delicately speaking—is extremely reserved. And, in my opinion, it shall so remain. For now, these groups "modestly" and in solidarity are keeping the number of their members a secret. I do not believe in Franciscan humility among true politicians. If they do not extoll themselves, they have nothing to extoll. I will risk the claim: I do not think that all the "Christian democrats" taken together have

more than 200,000 members in Poland today, obviously including the Center Accord, the youngest and most "Christian democratic of the Christian democrats." If I am wrong, I will gladly correct myself and apologize, but... first, gentlemen, the membership lists on the table.

How can this reserve and indifference exist in a society that is overwhelmingly Catholic? Let us point out a few reasons for this state of affairs. First, a historical one. Christian democracy has never had significant influence in Poland. Consider the interwar period; the National Democrats effectively controlled its area of potential political gains.

Catholic positions in Poland are still (in the vast majority) superficial, shallow, and ceremonial. This applies to the degree of knowledge of the truths of the faith, their presence in daily life, and, in particular, to perceptions of the principles of the social teachings of the church. Knowledge on that subject in the case of the "statistical" Polish Catholic, if not nil, is barely a trace. Christian democrats (in any case now everyone, even "social democrats") refer to the social teachings of the church, have a common language of sorts only with the already "politically engaged" elites.

In the popular perception, another factor seems to have decisive significance: There are many suspicions of today's "Christian democrats." How do they differ? What is the source of the richness (?) of this option? A subject for an ambitious habilitation dissertation in pathology or rather psychology. In this situation, the Pole-Catholic reacts in a common sense fashion: He joins nothing. He selects the condition he likes most—unaffiliated.

The Polish Christian democrats' citations of the social teachings of the church, among their many signs and standards, are more of a verbal-declarative nature than of a practical-political nature. When the government is implementing an extremely libertarian economic policy, what real successes have our "Christian democrats" had in actually implementing such principles as "ensuring the priority of moral principles over economic efficiency," "the primacy of the individual over the laws of prosperity," the obligation of the state is to defend the weak, "or" "the work of a person is not a good" just to mention a few of the principles of the current social teachings of the Catholic Church? The rhetorical quality of this question is simply embarrassing.

Being embroiled in unbelievably difficult problems that are causing painful divisions in society also does not contribute to the swelling of "Christian democratic" ranks. The character of Polish schools, divorces, and especially the abortion question. The Christian democratic parties are "condemned" in these issues to an unambiguous, clear position. Society is deeply divided; the divisions are among the community of the faithful. Pretending that it is otherwise is simply hypocrisy.



The church hierarchy looks upon the "explosion of Christian democracy" calmly. The primate gives audiences to those who do not ask. And everyone is asking. He is also giving blessings to a further political road. The hierarchical church has not distinguished any "Christian democracy" and has not bet upon any, at the cost of the others, for the future. The church was, is, and will be an important political force in Poland without regard to the existence and numbers of the Christian democratic parties.

Their leaders themselves must search out and gain supporters. Who will succeed in filling the chairs next to the "party sofas"? Who will be forced to borrow benches? We shall see. For now: Godspeed!

### Elections Elicit Party Views on Economic Issues

91EP0706A Warsaw ZYCIE WARSZAWY in Polish  
6, 13, 20, 27 Aug 91

[Article in four installments compiled by Urszula Szyperska and Malgorzata Pokojaska including statements by various party representatives: "Election '91: A Proposal for the Economy"]

[6 Aug p 4]

[Text] Most of the parties that are competing for our votes in the October election are for the free market; for stable, exchangeable currency; for a way out of the recession; for an increase in real income; and, in general, for transforming Poland into an economically developed country. However, they see the ways of achieving those goals differently, and they address their programs to different social groups. The five points of our survey are aimed toward capturing the differences between the programs of the most significant parties. We asked our subjects about:

1. Their attitude to the program of general privatization.
2. The extent of state interference.
3. Treasury policy.
4. Ways of combatting the recession.
5. Their attitude to the "popiwek" [the tax on above-the-plan growth of wages].

Today's guest is Waldemar Kuczynski, a member of the Presidium, and the chair of the Economics Commission of the Democratic Union.

[Kuczynski] 1. We support privatization because a real owner makes the enterprise work better, so we all gain advantage from this. The Democratic Union is in favor of the sale of state property, in cash or on credit, because this makes for a committed owner. The Mazowiecki government prepared the first plan for distribution, to accelerate the privatization process. We do not reject the present concept right away, though it is too vague. We recommend acquaintance with the details before completion and a careful approach during the process. The

Union does not spread illusions that the distribution will give everyone millions of real zlotys. This is confirmed by the government's conception, which says today that we will be given no one knows how much, of no one knows what.

2. The leading actor in the economy is the entrepreneur. The Union supports state interference that facilitates initiative, supports its development and expansion, and protects, to some extent, against the invasion by alien tigers with better developed claws. The instruments of such intervention are legislation, information, and advising; well-planned financial aid; and, finally, an appropriate policy of currency exchange rates and customs. Except for normal social intervention, we are against supporting bankruptcies. We all pay for that.

3. Poland needs economic expansion. This is why today the politics of moderate social coverage is more appropriate. At the same time, we need to lower the taxes paid by enterprises and to favor saving, meaning accumulation of resources for the development of the economy. There will be no investment without accumulation; without investment there will be no development; without development there will not be greater social coverage. To make such coverage possible, we must make of Poland an efficient and competitive country.

4. The economy will become expansive when forces based on private enterprise will lead the way. In the private sector, the recession does not exist and new workplaces are being created. Unemployment will stop increasing when the increase of work places in this sector outweigh the decrease in the state sector; and the recession will disappear when the increase in production in the private sector outweighs the decrease in the state sector. It is essential that the inevitable shrinkage of the state sector does not catastrophically outrun the development of the private sector. Therefore, it is necessary to stimulate the private sector, and slow the reduction of the state sector. We oppose the collapse of the private sector, as happened in former East Germany. Keeping a firm policy toward sluggish state enterprises, we take under consideration the possibility of serious reduction of their debts, and of reform of dividends and the "popiwek." We want to give some oxygen to the healthier and more dynamic part of the state sector. The Union is for union rights, and at the same time definitely against the encroachment of unions on the territory given to the managing boards. We are also for treating workers as partners with the right of participation in company matters. But we are strongly against multimanagement in state enterprises, which does no good for the ordinary workers. We will strive for the fundamental reinforcement of managing boards. In macroeconomic policy, we are against the further decrease of global demand and incomes; we are for flexible course politics which stimulates export. Reliance on new forces, and on export and investments, is a way out of recession which will not turn into a way back to inflation.

5. Wages depend on productivity. A country which is more efficient (we can measure it by national income per employed capita) has higher wages. In two countries, equally productive, the differences in wages can result from which part of national income is designated for investments. The dependence of wages on productivity is a law of nature, or a law of God, and nobody can evade it. Our wages will be as high as in West Europe when our productivity will also be as high.

[13 Aug p 4]

Today's guest is Adam Glapinski, vice chairman of the Center Accord, and minister of spatial development and construction.

[Glapinski] 1. From the beginning, we have been in favor of universal privatization, for the enfranchisement of citizens, and this concept was incorporated into our program. But we cannot agree how to conduct this operation well. The formula accepted recently by Minister Lewandowski is not the most fortunate, but these are only technical matters. Generally speaking, we are for the so-called privatization by five paths, that is, for various forms of transformations of ownership. We still are in favor of quick privatization, but it is now obvious that this process will take time. The Mazowiecki government did not take advantage of its chance; the economy sinks more and more, and the situation is more difficult. It is necessary to do everything one can do, that is, to change the system of management in state enterprises. We are for the strengthening of management; for making contracts with managers, for five years for example. We propose that the work force would try out the management for a few weeks, and then, after signing the contract, they would not be able to change the manager until the end of the contract. Unless he commits a crime.

2. There is no market economy in Poland now, and relying on "the invisible hand of the market" would be ridiculous. If, however, the question were asked, whether the role of the government in, for example, Holland is too great, my answer would be in the affirmative. In our country this role must be great—to orient the economy into a desirable market direction. The most important change is that of the administrative system of the state enterprises which I mentioned before, and secondly their privatization. The state should also steer industrial policy; and I consider agricultural processing and agricultural areas in general as priority sectors. We need to direct the bulk of our foreign credits into those sectors. Everything that increases export possibilities is extremely useful. We cannot watch in silence as this part of our economy dies because the Eastern market collapsed. We have to reconstruct our former connections, to increase the ability of enterprises to react flexibly.

3. We should focus on low taxes. We must relieve the companies of this burden and free the spirit of initiative in them. The services that are used by wealthier persons should not be gratuitous, so that these services can be free for the poor. I will use an example from housing

policy. My department proposes actually three policies, addressed to groups of different income levels. The first group consists of wealthy persons who can take advantage only of easier access to construction grounds and of simpler procedures. For the middle income group, we anticipate convenient mortgage credits; and for families which cannot afford to pay for any credit, cheap communal housing. I am striving for priority treatment for the housing industry. It is a unique area, in which social and economic issues are linked. The housing industry mobilizes savings, encourages migration, and gives the economy a chance to develop. The Center Accord is a Christian Democratic party, with a very strong liberal current. We are especially interested in the family—not the individual, some social group, or some region of the country. The family should have a feeling of stability and safety. When it is not "built in" to our everyday life, it influences the moods in society and makes the formation of democracy more difficult. It is necessary to gain control over this atmosphere of insecurity—the feeling that something is going wrong, falling apart. We want to create a block of social safety; our goal will be that an unemployed person would not be left alone, that he or she will be in the "embrace" of institutions which will take care of him; that they will look for jobs for him or they will propose retraining. A program of cheap housing is closely connected to those activities.

4. From the beginning we were in favor of anti-inflation politics and quick structural changes, but the Mazowiecki government concentrated only on the control of inflation and the strengthening of the zloty. It lacked the courage to secure adequate dynamics of structural changes. A firm monetary policy, without development of the private sector or commercialization, pushed the state sector into recession. It is necessary to loosen this policy, and even to agree upon a budget deficit. The refinancing rate should be lower than the inflation rate to make credit cheaper. These activities are necessary to put the economy in an upswing. The medicine applied by Balcerowicz may be good, but the patient is dying. We cannot wait in silence while state industry collapses, and effective private business does not develop. Development needs a flow of foreign capital, and its influx is conditioned by stable rules, practiced, for example, over fifteen years. Foreign capital must be controlled by directing it to specific areas, especially to the agricultural processing industry.

5. Wages should be as much as is productivity. It is true that in Poland one works very hard, but productivity depends mostly on organization, technical equipment, etc. The "popiwiek," on the other hand, should be cancelled. Let the enterprise itself shape wage systems. If its products find buyers, there is no reason to limit earnings.

[20 Aug p 4]

Today's guest is Janusz Korwin-Mikke, leader of the Union for Real Politics.

[Korwin-Mikke] 1. The program of universal privatization announced recently is a step backward, in comparison to the old program presented by the liberals. The influence of international banks is evident here. Massive corruption can not be avoided with the present plan. We are of the opinion that the entire state property should be sold on credit, quickly, efficiently, and honestly. Without distribution, which is economic bolshevism. No one respects that which one gets for free. The idea is that an enterprise should have one owner. A four-member company is already too much, and thirty thousand people is a joke. A factory should be bought at auction, upon payment in cash of one percent or several percent of its value, with the rest on credit. In our opinion, about thirty percent of factory stock should go to the pension fund. There is no such fund, which is a criminal swindle. The communists maintain that they put retirees' dues into industry. Therefore, it is necessary to create a pension fund from thirty percent of each factory, and the profits from these shares should go for pensions. A certain amount of the shares of each factory should also be designated for the reprivatization fund. Reprivatization cannot simply be the return of property. Poland lost over forty percent of national wealth during the war; this percent loss should be deducted from the value of the property returned. We are of the opinion that 20 to 25 percent of the shares should be deducted for the reprivatization fund. In addition, 20 percent is to go to members of the work force, and ten percent "scattered to the winds," for everyone. We think, by the way, that this is stupidity, but that is how the Sejm decided. About 15 percent of the shares remain. Someone who wants to buy the factory would pay, for example, two percent, and would take up credit for the rest.

2. The state should not conduct any industrial policy, agricultural policy, etc. If one eliminates state intervention, a market emerges automatically. One must transform overnight all enterprises into one-member companies of the State Treasury, and the market will begin to operate.

3. We are in favor of low taxes, not above ten percent of income. And we are for the elimination of housing programs and social services, which burden working people to help freeloaders. Let everyone make a living, and not wait for the state to buy him something. From a poor woman who makes 700-800 thousand they take two percent of her lifeblood for relief for some freeloader who doesn't want to work because, for example, he can't find work in his profession. There is no unemployment in Poland, only people getting relief.

4. The recession here is created only by the government, which imposes huge taxes. We are for a tax amnesty, and the return of more or less half the money which enterprises—substantial taxpayers—have paid. Of course, this would be returned in installments.

5. If the government ceases to create a recession artificially, wages will rise. Though not everywhere. It is quite possible that some factories will go bankrupt, and people

will have to go to other factories, where, after all, they will earn two to three times as much. A factory must first sell its goods, and when it receives money, it can increase wages. One must give it freedom, and thus the "popiwek" must be eliminated.

[27 Aug p 4]

Today's guest is Janusz Lewandowski, a member of the Political Council of the Liberal Democratic Congress and minister of property transformation.

[Lewandowski] 1. I fully support the program of general privatization. The necessity of finding the key to more rapid privatization of large industries, and of generalizing property laws, has been recognized in Gdansk liberal circles, from which I come, for three years. A program based on these assumptions, marked by international confirmation of its feasibility, came into its own in June 1991. Unfortunately, criticism which lightly denies the results of several months' works is presently in style; it is more and more difficult to work with parliament; improvised ideas, superficially appearing to be alternatives, are put forward. In addition, Madame Bochniarz [Minister of Industry] has introduced a great deal of propaganda fuss, as if she had not noticed that, for her, the time of idle debate about the economy has ended, and the time of greater responsibility for one's words and deeds has begun. I maintain that we can not afford a delay in the area of property transformation; it would be a mistake to use the tactic of biding one's time until the election. Energetic steps are necessary today, if we are to see the effect tomorrow!

2. A mature market economy demands less state intervention than does the transition period in which we now find ourselves. Above all, the state takes part in shortening the road to the market, as a kind of midwife to many institutions—the stock market, for example—which, in the West, developed over many generations. This sort of intervention should gradually die out. The scope of intervention to correct the course of the market, on the other hand, will probably rise. The experiences of 1990 and the first half of 1991 incline us to this belief. Today, the Agency for Agricultural Marketing conducts such intervention in a systematic way—not to the farmers' satisfaction, but to the limit of the state's ability. The need has also arisen for broadened intervention to ease "positive adaptation" in industry. This is, however, a dangerous game, on the edge of direct control. Commerce institutions, like the Polish Development Bank or the Agency for Industrial Development, do this better than the administration, if they begin to operate on a wider scale. In general, one must fight against the mythology of industrial restructuring without privatization, which is spreading in Poland. This myth was painfully exposed in the former GDR, where great sums were fruitlessly pumped into restructuring state industry. An overinflated public sector will always be a source of uncertainty, inertia, and chaos in the Polish economy; attempts to put it in order from behind a desk in Warsaw is doomed beforehand to failure. A real owner is needed.

3. The system of public finances is continually being rebuilt. This does not give entrepreneurs the comfort of stability. I am not going to pronounce clichés about low taxes as inducements for the development of enterprise. I am of the opinion, however, that administration, treasury departments, and the customs services should immediately be subject to fundamental improvements. The next government will have to see to this, besides completing tax reform.

4. Recession is the cost of the stabilization policy. The recession concerns above all the public sector, which at one time produced more "to the plan" than for the market. In the longer term, the solution to the recession is, of course, privatization. The fact that its effects will be delayed is additional justification to strengthen the process of property changes in the economy today. In the shorter time frame, certain hopes can be placed in the influx of foreign capital. There is still little of such influx in Poland, in comparison with, for example, Hungary or Portugal. We must show that our country is an attractive investment zone, especially after the recent change in regulations. I think that extraordinary inducements to foreign capital should be in effect in regions which are particularly threatened by unemployment. And this must be a sharp blow: abatements, inducements, exemptions—the whole arsenal. We will not gain, in the short term, a boom without debt relief for enterprises. This especially means the burden of debts accrued last year. A restructuring of enterprises' debts is possible along the lines of that which we received, as an entire economy, from foreign creditors.

5. I belong to the cabinet that accepted the "popiwek" as a necessary evil and a temporary solution. It causes much irrational behavior on the part of enterprises, which somehow do not take advantage of all the possibilities for maneuver that arise from this year's "popiwek" formula. On the other hand, wage control has with the utmost certainty increased the chances for survival of many enterprises. A wage explosion would lower their competitiveness. This is just how it happened in the former GDR. We do not have to repeat these mistakes. I believe that only a real owner can conduct an effective wage policy. Therefore, the "popiwek" should disappear along with privatization; this is the case both in production industries and in the public utilities, which naturally operate on the basis of limited profitability.

#### Goals for Formulation of Defense Doctrine Noted

91EP0699A Warsaw *POLSKA ZBROJNA* in Polish  
19 Aug 91 p 4

[Article by Colonel Jerzy Kunikowski, National Defense Academy: "Defense Doctrine of the Polish Republic: New Meaning in the Light of Changes"]

[Text] Discussions on the foundations of the defense system of the Republic of Poland [RP] attract the attention of many people interested in the future. It also seems that raising questions about the shape and substance of the

doctrine, independent of discussions in such magazines as *MYSL WOJSKOWA* [Military Thought] and other military publications, as well as recently organized seminars, have their objective and subjective justifications.

The essence of the former and the latter lies in the fact that the new defense doctrine reflects very clearly the intentions of the Polish state regarding its security. These intentions have often been presented in detail, for example, in our parliament by the presidents of the Republic and representatives of the Ministry of Foreign Affairs. It should be also added that a high level of interest in our political system, economics, and military matters can be seen in European and international forums.

Moreover, problems of security are given more and more attention on our old continent and especially in Central Europe. A significant expression of this is a return to doctrinal issues in political and military circles in Europe and elsewhere. A seminar was devoted to these issues in Vienna in 1990. It was held at the level of chiefs of staff within the CSCE [Conference on Security and Cooperation in Europe]. We may add that it was the first meeting of this type to discuss openly many issues connected with European security.

On the other hand, interest in the new defense doctrine is justified by the anticipation of the essential content of the document, which is to express both the basis of the state defense policy and the process of changes in the structure of the Polish Army. These changes result from the general changes and objective conditions that have occurred and are still occurring in states that are former members of the Warsaw Pact.

We have to accept as pertinent, therefore, Antoni A. Piotrowski's views expressed in the article "Substance Is More Important Than Form" published in *POLSKA ZBROJNA*, issue 93/1991. Indicating the essence of the future document, he points out that the doctrine should be an expose of our defense policy. "It has to be done in a manner straightforward enough to be easily accepted by our public opinion, and unequivocal enough to convince a foreign reader of the sincerity of our intentions. It is, first of all, a political document. The purely military element appears there only to the extent it ensues from the political factor. The military element plays the role of a reference plane for political theses and a verifier of their correctness."

Regardless, however, of the pertinent perceptions regarding the doctrinal contents, a few important questions arise here. It seems that two questions merit a more detailed discussion. The first one refers not only to the contents of the new doctrine, but also to its defense expose, which is to be wider in its scope of understanding, motivation, and legibility. It is to present to a civilian or military reader the basis and direction of the state defense policy, which is binding to state organs,



economic subjects, social organizations, and every citizen. Given that, what should be included in this doctrinal expose?

Replying to this question, it has to be noted that the future reader of the document, "Defense Doctrine of the Republic of Poland," should be able to clearly see the following:

First, the main goals and functions of the Polish state, which are to guarantee the most vital national interests, lasting security, and the right to life in peace for the whole society and all the citizens of RP.

Second, the basis of the defense policy, together with its objective conditions, especially external. Regarding this point, it is important to emphasize in the new doctrine Poland's geographic situation, and its place and role in establishing European security, within the context of present political actions, which give the issue of its security an international aspect.

Furthermore, it is extremely important to indicate threats as well as the fact, which the present document does stress, that any war is extremely dangerous to our country. "The area of decisive battles in every case would be Central Europe, and Poland as a strategic area, regardless of its wishes, would be drawn into the orbit of war. That is why any war in Europe would mean the devastation of Polish society, economy, and culture." (Defense Doctrine of the Republic of Poland, Warsaw 1990, p. 5).

Third, exposition of close interrelations between national security and international security, especially European. In this context, former canons of Polish foreign policy have not lost any of their significance, but gained even more, such as for instance:

- Adopting the principle of peaceful coexistence of all states and nations.
- Recognizing and respecting the principle of sovereignty and inviolability of state borders.
- Noninterference into internal affairs and respecting international commitments.
- Recognizing the United Nations Charter and other international treaties as important elements of the Polish security system.

Poland's contribution to European security and cooperation should be strongly emphasized as well as its consistent renouncing of the use of force in international relations according to the United Nations Charter, and of all forms of the arms race, especially in terms of nuclear weapons and their transport, and the newest generations of conventional arms.

I believe, moreover, that together with exposing durable values (canons) of foreign policy and the openness of the Polish defense policy, it is necessary to systematically make people aware of possible internal and external

threats. Particular attention should be given to the clearly visible economic threats as well as military ones that are still present.

Economic threats have a direct influence on fulfilling state defense needs and are both directly and indirectly related to those needs, especially to continued supplies of troops in places of permanent dislocation and outside of them, mainly in cases of danger.

Military threats have not been eliminated yet. They have a relatively permanent character. It is not possible to exclude armed conflicts (defensive in the case of RP) caused by haphazard or by a border incident.

We must share here the opinion of Col. Prof. Roman Kulczucki of the National Defense Academy. He maintains that the problem of threats to RP has to be seen in all its complexity and set against the Polish national defense system. Speaking about possible threats to the state he presents them in a wide context of complexities. In his article "Structure of Threats to RP," POLSKA ZBROJNA, No. 35/1991, he points out that there are at least six of them. They are: political, economic, psychological, ecological, internal, and military.

It also seems to me that it is both necessary and appropriate to expose (in the newly edited document) the main elements of the state defense system. Here I have in mind not only the organization of military forces in terms of defensive sufficiency, but also, and perhaps even first of all, a clear description of their types.

Moreover, besides the former clear indication of the traditional types of forces: army, air force, and navy, it seems necessary to expose those forces that are highly mobile and light and may be deployed quickly in selective operational directions.

Here I would like to point out forces of quick deployment, having a proven record around the world, and the necessity to create such forces in order to be able to successfully defend the country.

To conclude my deliberations I would like to bring up another issue that I have already mentioned many times and that is closely related to long-term maintenance of Polish military forces abroad. It is not really in our interest, but in keeping with the present doctrine and the peace policy of the state, the Polish Army participates in United Nations operations and other similar endeavors intended to keep peace in various regions of the world according to international law. It seems requisite to keep appropriate passages that would refer to future participation of Polish forces in international peacekeeping operations. I believe that in the same way as peace



initiatives at the international forum, a wide participation of Polish soldiers in such missions is highly significant, and gives a moral right to postulate doctrinal issues in relation to other countries.

I mean mainly such issues as the following: the creation of mutual guarantees (to include neighboring countries) and interstate treaties to prevent the transformation of various conflicts into war; continuous adjustment of military structures to real defensive needs; maintenance by participants of only such forces that guarantee indispensable defense sufficiency; and evolution of current military doctrines of all states to become defensive in character.

### **Airport Transformation; Agricultural Development**

91EP0699B Warsaw POLSKA ZBROJNA in Polish  
19 Aug 91 p 3

[Article by Andrzej Wasiak: "A Chance for Mazowsze Farmers: What About the Airport in Modlin?"]

[Text]The Warsaw Foundation for Regional Development is preoccupied with promoting a proposal to transform the military airport in Modlin into a passenger-cargo airport of international scope. Talks on the subject have reached the stage of technical determinations regarding principles of handing over the airport management by the military to the Warsaw voivode, who represents State Treasury interests. This will only be the beginning of the whole enterprise. What then awaits Modlin and its surroundings in the future?

"We are having talks with Western firms", said Wanda Chmielewska, vice chairwoman of the foundation, at the last session of the Council for Rural Development, "which are interested in the transformation of the airport and its surroundings." A chance to create a cargo and passenger airport offers enormous development possibilities to the Mazowsze region, understood as complementary development. The creation of such an airport will require building a whole infrastructure of communication, telecommunication, and technical support. Around it, a special economic zone will be created. First of all, however, it offers a great chance to the development of agriculture in this region.

Mazowsze agriculture is oriented right now to the needs of the Warsaw agglomeration, which it serves. These are three neighboring voivodships: Ciechanow, Plock, and Warsaw. Even though they still have very large production reserves, they have reached considerable overproduction that cannot be accommodated.

The main factor slowing agricultural development, not only in this region, is lack of organized markets. There are two aspects of this problem. First, there is lack of possibilities of contact, that is communication and telecommunication, which makes joining European and world markets impossible. Second, Polish agricultural products are not suited to the demands of world markets. They are not attractive.

"We have talked about that," said Ms. Chmielewska, "for example, with partners from the United States. It appears that not only EEC [European Economic Community] is interested in cooperation with us. As a result of these talks, it was established that Americans were interested in four basic programs: chicken processing, fast-food processing, production of frozen berries and vegetables, and packaging materials and storage facilities. Western investors are prepared to bring their capital into these enterprises and to ensure the marketing of the products."

### **Optimistic Plans**

The organization of markets inevitably depends on the creation of a quick response system to changes in demand and prices. This will be possible if an agricultural exchange is created in the Mazowsze region; exchange understood as a place of quick exchange of information and not a vegetable market. French investors are interested in creating such an exchange. They have already talked to the Michalowice gmina chief about it. They have not reached an agreement yet, but given the fact that the matter is of such great importance, it will have to be resolved eventually.

The exchange will not work without a highly developed system of telecommunications. Such a system is indispensable not only to a functioning agricultural market but also to a well-functioning cargo market and to the whole industrial zone around it. Two investors, an English and an American firm, have already declared their interest in building such a system. They do count, naturally, on appropriate profits.

A system of quality control, matching EEC standards, is indispensable to raise the attractiveness of goods produced by Polish farmers. It is necessary to build a network of laboratories and research stations that will test products and determine their conformity with required standards. At the same time, a system of farmer training should be organized in order to help achieve a higher quality of products.

Another problem, requiring immediate solution, is an almost complete lack of processing facilities for agricultural products. World markets favor products that are already processed. We totally lack, for example, processing and freezing facilities for chicken meat. Freezing systems for berries are inadequate, and we lack processing facilities for vegetables and potatoes. After the processing industry is built, a functioning cargo airport will make it possible to quickly transport Polish products to markets all over the world.

The building of the cargo airport and the industry around it will give an economic boost to the region. It will create new jobs, which in turn will allow some farmers to retrain. Owners of small farms will have an opportunity to get jobs in services or in industry.

### Special Economic Zone

There is a proposal to create a special economic zone around the airport, an area that would have lower taxes for a period of eight or 10 years. There are already about 60 such zones around the world and they prove to be strong magnets to investors. This is a way to create dense industrial centers. Zones of this type enforce, of course, appropriate rules regarding the utilization of the terrain.

Environmental protection is a significant issue for the Warsaw Foundation for Regional Development in the implementation of this regional project. In the three voivodships, especially at their northern borders, there are many relatively unpolluted areas. It is possible to produce healthy food there, and this is exactly what is most attractive right now on EEC markets.

In order not to pollute what is still clean, it is proposed to arrange industrial plants into the so-called technological parks. These are areas in which special rules have to be abided by, as for example utilizing closed water circuits or conforming to acceptable levels of polluting emissions. At the same time, emphasis is placed on building nonpolluting industries there, which themselves require clean water and air. An example may be electronic or pharmaceutical industry.

The possibility of transforming the military airport in Modlin into a civilian international cargo and passenger airport would offer, therefore, a unique chance to agricultural development in the three neighboring voivodships. The chairman of the Warsaw Foundation for Regional Development is planning a visit to the International Trade Center of the University of Oklahoma in order to discuss the above projects. May it bring the best results.

**Economic Prospects of Greater Serbia***91BA1149C Ljubljana DELO in Slovene 12 Sep 91 p 5*

[Article by Bosko Mijatovic reprinted from EKO-NOMSKA POLITIKA: "Economic Prospects of Greater Serbia"]

[Text] The principal short-term problem would be a Western financial and economic blockade of Serbia, since it is not possible to establish Greater Serbia by peaceful means, but only through the forcible separation of parts of today's Croatia and the liquidation of the statehood of at least one federal unit (Bosnia-Herzegovina) and their annexation by Serbia. It is hard to believe that the world would look upon this calmly; it would certainly react with economic pressure, demand that the old situation be restored, and not accept the policy of a *fait accompli*. Serbia would thus find itself in serious difficulties. The present slight possibilities for an influx of capital would be finally replaced by the certainty that it would not be possible to count on even a cent of foreign assistance or loans. The West would probably insist upon the regular payment of prior obligations, and would not allow any sort of rescheduling of the debts. Serbia could not stand this, since exports would be substantially reduced and it would have to declare a moratorium. The world would respond by confiscating Serbian property abroad, including also transportation equipment; that alone would jeopardize Serbian foreign trade.

It could easily happen that the West would declare a complete trade boycott against Serbia, as it has already done in the case of Iraq. In such circumstances Serbia would not starve, to be sure, but serious difficulties would arise because of essential imports in other areas: first of all, imports of oil and derivatives, and then numerous chemicals, raw materials, equipment and spare parts, etc. On the other hand, numerous enterprises would be left without work, because there would not be any possibility of exports. The same thing also applies to construction work abroad, various services (for example, transportation), etc.

Does Serbia have friends that would block the adoption of a decision on an economic blockade, or violate it later on? Are the interests of the Western states that contradictory? I do not believe so.

Such a boycott would probably bring Serbia to its knees economically and socially—we would be living in considerable poverty, there would be an unprecedented increase in unemployment, trade would die, there would be no money for wages and pensions, and social tension would go beyond all the limits that we have witnessed to date. Inflation would be gigantic, and the socialist state would assume the role of a redistributor of poverty, which, to be sure, is close to its heart. Many of us believe in assistance from fraternal Russia, but I am afraid that they are mistaken: A semiconfederal concept and efforts to become involved in world processes are predominant both in Russia and in the USSR as a whole, which means

that Russia has to join the majority. This is especially true because the USSR and Russia necessarily require Western capital, and thus certain concessions will also be inevitable. The next major problem would be brought by the necessary—and at this time final and complete—interruption of economic relations with Croatia and other republics. I have in mind primarily production, intermediate coproduction, and then also the collapse of Yugoslavia's technical network systems (the electrical, railroad, and telecommunications systems, etc.). This would cause considerable damage to production in the short term and in the medium term. Whether Greater Serbia could endure all of this without economic collapse, disorders, or a civil interethnic war is a difficult question. Iraq was fortunate enough to withstand the trade blockade, but it was not exactly easy for it. It would be hard for Serbia to achieve similar resistance: I am convinced that the kind of dictatorship that Saddam introduced is not possible here, and also the population is not as crazy; at the same time, it is not possible to portray the West as the greatest of Satans, as Saddam was able to do, and thus encourage the population to endure the greatest sacrifices.

A drop of hope would be given to Serbia by the West's occasional willingness to forget about the "mischief" of small states and lift sanctions in order to establish normal life among nations and among people. The Croatian and probably also the German lobby would oppose this with all their strength. Let us assume that the boycott will not be complete, and that it will be easier for Serbia to bear than I think. It would still witness the medium-term consequences.

The first is political in nature, but with significant economic consequences: Mr. Milosevic, as a victor, would firmly cling to power, more firmly than ever, and in a militaristic and totalitarian form, I am afraid. Certainly he would also have a reason: The state is in vital danger! There would not be any economic reform (privatization or capitalism). The present economic system in Serbia would be preserved for many years: mixed, in the worst sense; based on state and social property; with loyal and bad directors emerging from the personnel *nomenklatura*, and the possibility that those holding political power would calmly squander capital. The future would pass us by once again. We would swim in a sea of loathsome inefficiency, shortage, and wastefulness.

**Slovene Finance Minister Optimistic About Economy***91BA1149D Ljubljana NEODVISNI DNEVNIK in Slovene 9 Sep 91 p 4*

[Article by Jan Koprivc: "Slovene Money Controversial Again"]

[Text] Ljubljana, 9 Sep—Slovene Finance Minister Dusan Sesok is convinced that those who pessimistically

maintain that in August Slovenia spent the last of the money in the republic treasury are wrong.

Dusan Sesok says that this is not true at all, and he likewise does not agree with Italian Foreign Minister De Michelis, who recently said that the economic and financial situation in Slovenia was critical. The situation really is serious, he said, but at the same time he also proved through various comparisons that not all the ships have sunk yet. He also pointed out independent Slovenia's advantages in comparison with other Yugoslav republics. He especially emphasized that Slovenia still has a clear advantage, since this year production in this republic declined by only 9 percent, as opposed to 22 percent elsewhere in Yugoslavia.

The minister is still convinced that Slovenia has to decide what it really wants—whether it will be satisfied with bare survival, or whether it wants something more, for instance, unhampered continuation of the construction of infrastructural installations: automobile roads, the chain of Sava electrical power plants, etc. In his opinion, independent Slovenia has already achieved a great deal by virtue of the fact that several European states, which are its main trading partners, have reinstated insurance for export business with Slovenia. Just before the July war, all transactions involving exports from Italy, Austria, and Germany were halted, because those states canceled the above-mentioned insurance, but now the situation is being normalized.

Obviously, however, Sesok did not know what to say about the claims by almost all Slovene politicians, with the sole exception of Kucan, that the republic can expect rather substantial credits when it becomes independent. To be sure, recently we have almost not heard any excessively enthusiastic political statements about the possibility of obtaining large loans for Slovenia. Sesok is convinced that above all, it is necessary to persuade foreign countries that the risk in doing business with Slovenia is much lower than the risk in doing business with Yugoslavia. Consequently, Slovenia is convinced that it has to settle all of its debts on time, and is not considering the possibility of asking for a postponement of debt repayment. It wants to show the world that it is a serious partner. At the same time, however, Sesok did not deny that the Slovene state will be more expensive than average, since its 2 million inhabitants, equivalent to the population of many major European cities, will have to bear all the costs of the border service, customs, and all sorts of other things.

The current Slovene problem is the continuing decline in the volume of social production. Production and trade are declining, but obligations are increasing. Dusan Sesok is convinced that Slovenes can support the kind of state that they have planned, although for the time being all of it together seems very difficult. In his opinion, the most expensive things are the ones that have to be done for the first time. It is necessary to invest more in our own army, and it is necessary to take care of the border and customs service with Croatia, etc. In spite of this, he

is convinced that Slovenia has lost more in the Yugoslav club than a new state will cost it. If we continued to stay in Yugoslavia, in the end that would bring us to complete collapse, and consequently it is necessary to abandon it, Minister Sesok is convinced.

The same minister, just a few days before the declaration of Slovene independence, shook the Slovene public and especially Slovene politicians with several pessimistic statements that Slovenia was economically and financially unprepared for independence. At that time he said that Slovenia would continue to use the dinar as a medium of payment and accounting, since the money that we had previously printed to replace the dinar was too poor a product for us to be able to use it, and in any case, the conditions for introducing separate Slovene money had not yet been established.

Dusan Sesok also said now that in connection with Slovene money, two or three possibilities are being considered, and that Slovenia still will not have its own money very soon, because printing new money is very difficult and lengthy work. Some people, to be sure, are thinking differently than the finance minister. They are convinced that we ought to print our own money as soon as possible, because that is the only way that we could prevent the uncontrolled inflationary influence of the Yugoslav dinar upon the Slovene economy.

One of the best-known Slovene monetary experts, Prof. Ivan Ribnikar, warns, however, that the introduction of our own money will shrink the former Slovene-Yugoslav market even further, which means a continued decline in production and the social product. In any case, Dr. Ribnikar thinks that we ought to introduce our own money for political reasons, not economic ones, but in the beginning the domestic currency would not be any more solid than dinars.

#### **Peterle Defends Privatization Package**

*91BA1149B Ljubljana DELO in Slovene 12 Sep 91 p 3*

["Transcript" of speech by Slovene Prime Minister Lojze Peterle to the Slovene Assembly; date not given: "We Must Not Hesitate Any Longer With the Property Laws"—first two paragraphs are DELO introduction]

[Text] Ljubljana, 11 Sep—According to Lojze Peterle, the sooner we begin the transformation, the sooner the economy will move into a normal situation.

Slovene Prime Minister Lojze Peterle spoke about the property laws to the deputies of the Slovene Assembly. He said:

We are about to begin the final discussion of a group of laws whose implementation will normalize Slovenia and will deserve to be recognized as historic, both from the standpoint of righting past wrongs and from the standpoint of establishing normal ownership.

The goal of the economic reform in Slovenia is to create a normal market economy, which means that Slovenia must adopt as soon as possible the practices that have proven to be successful in the West. Privatization is the backbone of this. Without private ownership the Slovene economy is condemned to stagnation. The history of social property indicates that inefficiency and a lack of dynamism prevail where there is no private ownership. In particular, large state enterprises all too often suffer chronic losses, which prevent maintaining macroeconomic stability, with serious consequences for the entire economy. Four main goals are associated with privatization:

### **1. Rapid and Extensive Transformation of Social Property**

The method offered by the proposed law allows this. The sooner we begin and end the transformation, the sooner our economy will move into a normal situation and the sooner we will also enjoy the confidence of others, among them foreign investors in particular.

### **2. Social Justice**

The law offers an honest distribution, so that all citizens of Slovenia will participate in the new ownership structure and all will become owners. Workers and managers will receive part of the shares, and some shares will be received by all citizens through mutual and pension funds. It would be wrong if one social group were to receive a disproportionately larger share.

### **3. The Development of Corporations**

In accordance with this law, corporations of the Western type will develop with characteristic incentives for profit and growth. Medium and large enterprises will shift to the legal form that is in effect in the West. A managing board of directors will be introduced, which will represent the new owners and oversee the managers.

### **4. The Development of Financial Institutions**

The law sets up the necessarily required financial institutions, such as mutual funds, which will play two important roles.

In the first place, some of the shares in Slovene enterprises will be distributed free to the residents of Slovenia, and in this way they will obtain, in a simple way, ownership of part of the republic's present social capital.

In the second place, private mutual funds will be shareholders in Slovene enterprises and will have a positive influence upon the managers of these enterprises. The mutual funds will provide enterprises with an alternative possibility for obtaining financial resources from commercial banks, and these funds will provide households with an alternative possibility for investing savings instead of depositing them in commercial banks, which means that they will be able to have different forms of property and not just interest deposits. The mutual funds will improve the republic's financial structure.

It is clear, esteemed deputies, that legislation with such long-term consequences is stimulating a broad and also extremely polarized discussion in which threats of extortion are not even absent. In spite of this, or precisely because of it, I think that we ought to join forces for the kind of method of adopting this legislation and also of implementing it that will bring us to a new and generally beneficial social and economic structure. If Slovenia—as is the opinion of many people—easily shifted to new relationships after the elections, without major turbulence, I do not see any real reason why we would not adhere to this means in changing the structure of ownership as well. This, however, seems to me to be possible only with the prerequisites of political and technical correctness, which have not really been convincingly demonstrated by the previous discussions.

Allow me to dwell on some of the main criticisms that pertain to the law on privatization and indirectly to the law on denationalization as well:

### **1. Settling Accounts With the Workers, and a Theft of Workers' Property**

Those who claim this are once again offering workers a bum deal. By calling the workers out onto the street, on the basis of a false portrayal of the intentions of the law, they will certainly not help the workers. The fact is that it is only this law that is finally actually giving the workers something. The workers will not get advantage in the street, but rather in the Assembly. They will become joint owners of the former social property and joint managers, and with respect to the past, we know who managed in their name. Those same people are also forgetting that 200,000 and more dispossessed people are a considerable part of the Slovene working class, since those who lost property probably could not be large landowners or directors. They would have been happy to be workers. And about 600,000 heirs to the stolen property have been and are in a position very similar to that of the dispossessed people themselves.

### **2. Presence of Experts**

We hear that experts were not included and that the law should be sent back to the drafting phase so that experts will be able to state their opinion. Let it be clear that we cannot be helped in this transformation by the experts who participated in the postwar nationalization, nor by their political successors or experts on self-management. We can be helped by people with a clear idea, people who know this and have experience with it. We chose the best in the world who have tried such an approach. Because we invited such experts to collaborate, we have before us a proposed law that allows the fastest route to an efficient economy and at the same time is fair, because it gives something to everyone.

### **3. Managers**

Those who have private fantasies about beheading management, and are probably proceeding from recollections of the revolution that radically swept people—some of



them to death—from all the positions that the revolutionaries decided upon, are talking again about red directors and predicting purges. Ladies and gentlemen, nothing like that will happen. We will only bring the ownership structure appropriate legality, an essential part of which is also control over managers, which is now virtually nonexistent. They will get their share as citizens of Slovenia or as workers, and their future success and position will depend upon their professional persuasiveness and effectiveness, and I am convinced that all the good managers will be kept. (I repeat: I have not yet asked any of the directors whether he is red or not; I have only asked how his enterprise is doing.)

#### 4. The Role of the State

The critics say that this has to do with a new nationalization, and that Slovenes will sell their souls to the state. This is more than a misunderstanding of the law. The role of the state is clearly defined in terms of both time and content. The role of the state is temporary and indirect. Let us furthermore recall that after the elections Slovenia is no longer a one-party state with a party monopoly over the economy, but rather a democratic state. We know precisely how that relationship has hurt the economy in the past. It is precisely for that reason that this law offers the fastest way out of the consequences of such relationships. I am also guaranteeing you my personal involvement in promoting technical criteria before political ones.

It is interesting and disturbing that everything is clear in advance to some critics of the law on privatization, on the basis of cynical clairvoyance, but they only see the dark side and use it to frighten others. We certainly will not get far that way.

The law offers clear solutions which have been verified in the world. With this law, we are proposing a way to join the successful economies. When we are among them, all of our inventiveness in the social and economic area, all our theoretical knowledge, should be expressed. In this phase, however, it is better that we renounce that method, after almost half a century of social and economic experimentation with living people. Let us take a path that has already been tested.

Esteemed deputies!

We must not hesitate any longer!

Quickness in making decisions and carrying them out plays a special role on the way to a Europe of equal political entities. This particularly applies to the law on privatization. It will only be by changing the structure of ownership that we will get a real passport in our hands and also say farewell to self-management. We expect that the Assembly of the Republic of Slovenia will also consider the proposed legislation within the framework just mentioned.

#### Poll Shows Discontent With Privatization Plan

91BA1149A Ljubljana DELO in Slovene  
11 Sep 91 pp 1, 3

[Article by Darja Verbic: "The Public on Privatization"]

[Text] Ljubljana, 10 Sep—On Wednesday, the Slovene Parliament's deputies will decide, among other things, on the law by which the former socialized enterprises are to be privatized. Yesterday, in a pilot telephone poll conducted among 700 randomly selected telephone subscribers in the Republic of Slovenia, DELO's agency Stik asked, among other things, what we ought to achieve in Slovenia by privatizing enterprises. Responses were obtained from 427 telephone subscribers, and their most frequent and most logical answer (52.7 percent of the votes), which was generally forgotten in the discussions about the law, was: by privatizing socialized enterprises, we ought to achieve a more efficient economy. Less than half as many (21.5 percent) were "won over" by the answer that appeared most strongly as the main argument in favor of passing the law in previous discussions about privatization—a fair distribution of social property. The answer that through privatization we ought to achieve more economic power for the ruling coalition only received 1.5 percent of the votes. There were 11.9 percent who thought that the law ought to achieve greater economic prosperity, 5.2 percent who thought that we would clear up the enterprises' old financial, organizational, and other mistakes, and 0.7 percent who thought that we would cause greater social differences in society.

#### The Law Promises a Share—But What Do We Do With It?

Most of those polled intend to wait to sell their citizens' shares until the worst crisis is over; the law on privatization should have been prepared by Mencinger.

Among the questions that we asked randomly selected telephone subscribers in the Republic of Slovenia yesterday in this pilot telephone poll was the following: According to the current proposal for the law on transforming the ownership of enterprises, in a year each citizen of Slovenia is supposed to receive a citizen's share worth 23,000 dinars. The law does not specify the currency in which these shares will be denominated. What will you do with that share?

Perhaps the figure of 49.6 percent who thought that they would wait for five years for the worst crisis to be over, and that the value of the shares would increase, is somewhat questionable. A full 16 percent of them answered that they would sell the share, since it would be worth less with each day, and 55 respondents (12.9 percent) answered that they would sell it as quickly as possible, because a man needs every dinar. Someone said that he would donate the share to a health care institution; someone said that he would donate it to the Republic of Slovenia; and one person did not even believe the promise.

Who should prepared this crucial law on privatization? The vast majority (78.7 percent) of them thought that it should be a person who is familiar with the Slovene economy and also with the functioning of developed market economies, 8.2 percent of them support a group of foreign experts, and even fewer (4.7 percent) support a person who is quite familiar with the functioning of the world economy, but not Slovenia's. And by name? Joze Mencinger received 35.1 percent of the votes, and was in first place by a large margin. He is followed by Igor Bavcar (9.8 percent), Zivko Pregl (8.7 percent), Emil M. Pintar (5.4 percent), Marjan Podobnik, and Vitomir Gros (1.9 percent), and fewer than 1 percent of the votes were received by Peterle's adviser Boris Pleskovic, who is now conceptually heading the preparation of the privatization law for enterprises. One vote each was also received, for example, by Janez Drnovsek, Milan Kucan, Ivan Ribnikar, Izidor Rejc, and even Boris Cavazza and Walter Wolf.

As experts have calculated, farmers are to gain three times more than others through the privatization legislation.

"That is fair, since they were the most shortchanged after the war," was the answer of more than 34 percent of those participating in the poll; less than one-third are not surprised by this, since farmers—they answered—have been in a privileged position for the past year; and 70 of those polled thought that this was not true. Next, 26 percent of the respondents said that dispossessed people should have their property returned in kind if that would not cause new wrongs; and if it would not harm the economy as a whole (16.6 percent). Approximately the same percentage (about 10 percent) are opposed to returning property in kind: The dispossessed should receive either ownership shares or monetary compensation or securities.

The respondents also had to answer a question about whether the deputies should vote on Wednesday for the kind of privatization proposed by the government; 34.9 percent of them propose passing the law, 38.6 percent of them are opposed, and 22.5 percent cannot decide. There are also a few people who acknowledged that it really did not matter to them.

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